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Lewis In AIB Educational Post

Leroy Lewis

Appointment of Leroy Lewis, secretary of the North Carolina Bankers Association, to the post of assistant educational director of the American Institute of Banking, educational section of the American Bankers Association, has been announced by Dr. Harold Stonier, executive manager of the Association.

Mr. Lewis, who was instructor in speech at Duke University, Durham, North Carolina, for eight years, has been identified with Institute activities in the Tarheel State for most of that time, having been an instructor in public speaking at A. I. B. chapters. He joined the North Carolina Bankers Association as its secretary a year and a half ago.

Mr. Lewis is a native of McAlester, Oklahoma, and a graduate of Oklahoma City University from which he obtained his B. A. degree. He took his master's degree at the University of Michigan and did graduate study at Northwestern University.

From 1930 to 1935 Mr. Lewis

(Continued on page 904)

Index of regular features on page 904

Price Control During The Period That Lies Ahead

By CHESTER BOWLES, OPA Administrator*

Head Of Price Control Points Out That Impact Of War Does Not End When Shooting Stops. Warns Against Repetition Of Conditions Following Last War and Lists The Three Objectives Of Post-War Control As (1) Avoid Price Inflation, (2) Prevent Deflation In Our Economy and (3) Keep Up Full Production And Full Employment. Holds Only Government Can Underwrite The Level Of Production And Income.

Chester Bowles

The war has entered its climactic phase. The long months of training and preparation, the long months of sweat and strain are now paying dividends in great strides being made toward victory. We know, of course, that a lot of hard fighting lies ahead for our boys before even the European phase of the war is ended. And all of us here on the home front are determined to keep war production going at full blast, so that those boys shall have everything they need where and when they need it. That is our first job and for a long time to come will continue to be our first job. But, while doing everything we on the home front can do to help win the war, we must prepare to face the problems of peace and reconversion.

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*An address by Mr. Bowles before the San Francisco Chamber of Commerce, Aug. 25, 1944.

(Continued on page 894)

Bureaucracy Vs. Free Enterprise

By Hon. LYLE H. BOREN*
Representative in Congress from Oklahoma

Congressman Boren Warns Against Growth Of Bureaucracy In Washington As A Danger To Free Enterprise And States That The Removal Of All Restraining Handicapping Regulations Are Musts For Our Economic Survival On The Basis Of A Free Economy. Holds About Nine-tenths Of All The Bureaus In Washington Ought To Be Abolished And Urges Stronger Fight Against Regimentation.

Lyle H. Boren

There is a great deal of confusion in the world of finance today. When I went to Congress the national debt limit was 25 billion dollars. The debt was not that high. Then they raised it to 40 billion. I didn't think it could be done successfully, but it was. Then it went to 50, and I voted "no" again, and then to 60, and I voted "no" again. Then they got ambitious and made it 80, and I was still on the dissenting side. Of course you know where it is now—210, and I'm still a dissenter.

Anyway, I want these opening

---

*An informal talk made by Congressman Boren at the annual meeting of the National Security Traders Association in the Palmer House, Chicago, Aug. 25, 1944.

(Continued on page 893)

More Special Articles In NSTA Supplement

Because of the paper situation a number of special articles which would ordinarily appear in this portion of the "Chronicle" had to be incorporated in the special supplement, issued today, covering the eleventh annual convention of the National Security Traders Association held in Chicago Aug. 25-26. As our readers will undoubtedly be interested in these additional articles we enumerate them herewith. In addition to listing the titles and authors of these papers, we give the appropriate page number on which they appear in the NSTA Supplement:

The Outlook For Public Utilities In Post-War Era
By P. L. SMITH
President, Middle West Corporation (Page 909)

Some Practical Phases Of Post-War Municipal Financing
By JOSEPH A. MATTER
Chapman & Cutler, Attorneys, Chicago (Page 911)

Capital Needs And Other Problems Of Small Business
By IVAN WRIGHT
Professor of Economics, Brooklyn College (Page 913)

(Continued from page 884)

Taxes and
Reconversion

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Some Limitations Of Easy Money And Collateral Theories

By JAMES A. HOWE

After Analyzing The Financing Of The War And Measures Taken Against Inflation, Writer Holds That "A Degree Of Inflationary Finance Appears Economically As Well As Politically Unavoidable" — Doubts Whether Measures Taken Will "Be A Satisfactory Means Of Determining Interest Rates, Prices, Wages And Production," And Concludes That "The Ultimately Desirable Peace Time Organization Will Provide A High Degree Of Decentralization In Most Economic And Business Affairs"—He Discusses Interest Rates And Sees Present Policies Necessary For A Time After The War.

The world reflects an infinite variety of colors. Little is pure white or jet black. It is by determination of the proper relativities of many interrelations, conditions and characteristics that we make discriminating distinctions and arrive at appropriate actions. A broad view is more likely to produce satisfactory policies than one which omits consideration of collateral influences and effects.

James A. Howe

The war is being financed by taxes, savings and inflation. The inflationary portion is included within the sales of bonds to banks, a process which increases deposits, the principal circulating medium of the country. When the circulating medium is expanded, the amount of apparent capital available for expenditure increases. If there is no corresponding increase in the supply of peacetime goods, prices rise. If prices rise, wages are likely to rise, too. Were monetary affairs allowed to take their normal course, the demand for money to finance the war would raise interest rates. The cost of borrowing would increase. Rising prices, wages and interest rates would further increase the apparent cost of war and still more borrowing would be necessary. A cumulative spiral of inflation would be thus set in motion. Since the expenditure for war is determined by military necessities rather than by economic considerations, higher

(Continued on page 898)

J. P. Gallagher With Dempsey-Detmer & Co.

(Special to The Financial Chronicle)

CHICAGO, ILL.—James P. Gallagher has become associated with Dempsey-Detmer & Co., 135 South La Salle Street, members of the Chicago Stock Exchange. Mr. Gallagher was previously in the trading department of Link, Gorman & Co., Inc., and prior thereto was with Kneeland & Co. and Hickey, Doyle & Co.

Interesting Situations

Straus Securities Company, 135 South La Salle Street, Chicago, have prepared analyses, memoranda, studies, surveys and statistical reports on a number of interesting situations in industrial, public utility, rail and traction issues. Copies may be had from the firm upon request.

Contest Brewing In Congress On Bretton Woods Agreements

By HERBERT M. BRATTER

The Bretton Woods monetary and financial conference managed to achieve agreement on plans to create machinery for the extension of financial aid to countries engaged in rebuilding or in developing their resources. As everyone knows, Congress must still act before this country is committed to the course laid out at the conference. Senator Wagner has indicated the Administration's desire to postpone Congressional consideration until after the election. However, there already have been some expressions of opinion from members of the Congress, and one speech on the floor.

Herbert M. Bratter

A distinctly negative statement from Senator Arthur Capper (R., Kan.), a member of the Senate Banking and Currency Committee, characterized the Bretton Woods program as designed to make all the world prosperous at the expense of the United States Treasury. An equally skeptical speech was delivered by Congressman Charles S. Dewey (R., Ill.), printed in the "Chronicle" of Aug. 17, page 682, as had been foreshadowed by his statements at Bretton Woods. As reported in the Congressional Record, Mr. Dewey's position was clarified by questions from Congressman Charles L. Gifford of Massachusetts, a member of the House Committee on Banking and Currency and a fellow Republican. Thus:

Mr. Gifford: Does the gentleman think that he is going to approve the action of the Bretton Woods Conference?

Mr. Dewey: No; I could not enter into approval—speaking for myself—of a fund which may increase the public debt such as we have. I cannot approve the idea of going into partnership with other governments, all of whom have their own selfish and national aspirations, before we know what those aspirations are. Where is our bargaining sense?

Mr. Gifford: The point is that we may feel, we may know, we are going to lose all the money we put up, but in spite of that fact, we are not isolationists? I want to vote for that, but I want to vote for it with my eyes open. The gentleman may warn us that we will lose it, but even though we lose it, will the gentleman oppose it?

Mr. Dewey: Yes, sir. . . . I

(Continued on page 888)

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Trial By Competitors

Our thesis emphasizes the oft repeated opposition of this paper to the participation of judges who have a personal stake in the result in any proceedings.

Again, we say that a just decision is not likely to emanate from those having adverse interests.

Some such thought must have been in the minds of an existing Congressional Committee headed by Representative Howard W. Smith of Virginia, which is urging court curbs upon United States agencies.

The prospective legislative program of this Committee would require the President to name hearing officers to settle disputes between individuals and Federal agencies, these officers to be "independent of the agencies involved in the litigation instead of subservient to the agency heads."

In the administration of justice a bad odor exists as the result of the many faceted functions of administrative bodies, making them at one and the same time detectives, prosecutors and judges. Being human, the interest in each office is to create a record. Decisions are frequently the product of this impulse with judicial determinations veering away from impartiality because the particular bench, or panel, is not disinterested in the final outcome.

For example, can one reasonably contend that the Securities and Exchange Commission has no stake in the outcome of the "5% spread philosophy" fostered by the Board of Governors of the National Association of Securities Dealers? Nevertheless, the controversy of whether that philosophy is or is not a rule capable of enforcement, is to be decided by the SEC.

Convincing proof of the embarrassment this has caused the trial Commissioners is found in their failure to answer the suggestion of counsel for the Securities Dealers Committee that they themselves may have had a hand in establishing the 5% spread principle.

Had the law authorized a hearing and determination before an officer unconnected with the controversy, the SEC would have been saved embarrassment, and the charge of possible participation in the conferences which gave rise to the 5% yardstick would have had no place in the proceedings.

The same principle applies in trials before the NASD and the Exchange Committees. Here competitors constitute the board of judges, their motives are frequently questioned, and the results are sometimes unfair and even disastrous to the dealers involved.

One such deplorable case came to our attention recently. It involved a damage suit brought by John W. Jones, former member of Avery & Co. Here Judge Botein of the New York Supreme Court criticized the Curb Exchange. He said:

The practice of reading to the board, at the trial,

(Continued on page 885)

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Lower Wage Income Ahead

Says Wage Structure Based On Supply And Demand Factor, Rather Than Political Considerations, Is In Order

BABSON PARK, MASS.—For the year 1943 total industrial wages and salaries, without including incomes of those employed in agricultural enterprises, amounted to $89,500,000,000. Of this, some $12,000,000,000, or approximately 13½%, represented payments for overtime work. If the above workers had not benefited from overtime they would have earned only $77,500,000,000.

Roger W. Babson

Overtime Out

While the war lasts, manufacturers cannot complain too much at the high cost of labor. As a matter of fact, currently high wages, including overtime, are a direct operational cost, and in the instance of most war contracts the Government pays the bill. However, in the final analysis, it is really the taxpayer who foots these charges.

When the big war contracts are a thing of the past, manufacturers will not have their present high volume of business, while selling expenses will be much higher. Their first step, however, will be to cut out overtime. In fact, overtime is already on the way out.

Work Hours May Be Raised

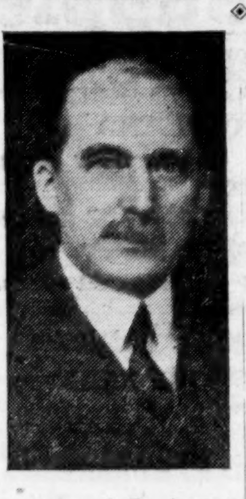
During World War I industry was averaging a 50-hour week. During World War II the normal work-week has been reduced to 40 hours with overtime paid for anything in excess of that. During the last great boom industry

(Continued on page 888)

Ayres Cites Problems Of Industry Involved In Reconversion

Brig. Gen. Leonard P. Ayres, Vice President of the Cleveland Trust Co., in the monthly "Business Bulletin" under date of Aug. 15, says:

"On some unpredictable day in the weeks that lie ahead the demand for more munitions will be suddenly and greatly curtailed. Until that time the demand will increase rather than diminish. Meanwhile there will be increasing unemployment in some areas, and more serious labor shortages in others. Reconversion will demand from business much resolution and resourcefulness.



Leonard P. Ayres

"Today the War Production Board issued the last of a series of four orders designed to enable industry to begin reconversion for the production of civilian goods. The first of these was issued a month ago, and lifted restrictions on the use of aluminum and magnesium. The second order authorized industry to make experimental models of post-war products. The third order permitted industry to buy machine tools needed for the production of peace-time goods. Today's order permits manufacturers to produce limited amounts of civilian goods, provided their factories are not fully engaged in making war goods, and if the regional WPB authorities believe that their new operations will not interfere with the production of munitions.

"Reconversion has begun, as it was inevitable that it should begin as soon as signs of German disintegration became apparent. The progress of reconversion will be slow, and the difficulties to be overcome will be numerous. The supplies of many essential materials will be small, and that will be particularly true in the case of steel, which nearly all manufacturers of civilian goods will need as a first requisite. Component parts will be hard to get, and the lack of only one component may prevent production of the com-

(Continued on page 901)

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The Cotton Dilemma And Its Importance To American Business

Guaranty Trust Co. Sees Solution Of Cotton Problem In Tariff Revision And Ending Of Price Support Policy.

The passing of the present war emergency will confront the nation once more with one of the most important and perplexing economic questions that the nation will have to face—the necessity of finding a solution to the cotton problem, states the Guaranty Trust Company of New York in discussing the cotton dilemma and its importance to American business in the current issue of *The Guaranty Survey*, its monthly review of business and financial conditions in the United States and abroad.

"The provisions of the stabilization act exempting cotton and other farm products from full price control are not such as to encourage the hope that the country is prepared to face the issue in a realistic way," *The Survey* continues. "The problem is primarily one of recogntiion of the principles underlying foreign trade; and the way in which it is solved will be of exceptional interest to American business as a whole, not only because of its intrinsic importance but also because it may set a pattern for the nation's entire post-war foreign trade policy.

A National Problem

"The importance of cotton as an element in the national economy is well known. Cotton and cottonseed account for more than one-fifth of the nation's estimated cash income from crops. The sixteen principal cotton States contain more than one-third of the country's population. Most of these States are predominantly agricultural, and cotton is their main cash crop. Cotton-growing has largely determined the growth and development of the Southern States, the opening of lands, movements of population, locations of towns and cities, and routes of transportation. Although the South, and particularly the South Atlantic States, has made great strides in diversification and industrialization since the last war, the prosperity of large sections still depends to a considerable extent on the economic position of this one commodity.

"Developments in the cotton situation, moreover, cannot fail to have repercussions far beyond

(Continued on page 887)

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Hilda Williams To Trade For L. C. Dick

PHILADELPHIA, PA.—Lewis C. Dick Co., 1420 Walnut Street, announces that Hilda H. Williams has been appointed trader. Miss Williams was formerly with W. H. Bell & Co. Prior thereto she was in the Corporate Trading Department of Buckley Brothers.

Hilda H. Williams

California Bank Adds Arthur Kane To Staff

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—Arthur G. Kane has become associated with the California Bank, 625 South Spring Street. Mr. Kane was formerly Pacific Coast Manager for Century Distributors. Prior thereto he was with Dean Witter & Co. and was manager of the bond department of Wm. Cavalier & Co.; in the past he was with E. H. Rollins & Sons, Brown Harriman & Co. and the National City Company of New York.

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J. P. Masterson Is With Buckley Brothers

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—John P. Masterson has become associated with Buckley Brothers, 530 West Sixth Street. Mr. Masterson was formerly manager of the trading department for the California Bank.

Situations of Interest

F. H. Koller & Co., Inc., 111 Broadway, New York City, have prepared a memoranda on Great American Industries, Laclede Christy Clay Products and Indiana Limestone which the firm believes appear attractive at current levels. Copies of these interesting circulars may be had upon request from F. H. Koller & Co.

Fashion Park Attractive

A detailed study of Fashion Park, Inc., is contained in a special circular prepared by Simons, Linburn & Co., 25 Broad St., New York. Copies of this interesting study may be had from the firm upon request.

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Trial By Competitors

(Continued from page 883)

the testimony heard by the investigating committee, and thereafter resting the case, so to speak, upon such testimony, when considered in the light of the constitutional provision permitting the accused to cross-examine only those witnesses who were produced, effectually deprives the plaintiff of the opportunity to cross-examine the witnesses who furnished the testimony upon which his suspension was predicated."

What part the desire of competitors to destroy Avery & Co. played in the decision of the Board of Governors of the Curb Exchange, if any, is yet to be developed on the trial of a series of pending actions which involve this among other issues.

We believe the recognition of the need for impartial judgments was responsible for appointment of arbiters, such as Mr. Hayes in the motion picture field, and Judge Landis in baseball.

The right to trial by an impartial and distinterested judge or judges is fundamental in our institutions and should be preserved at all costs.

Comstock & Co. Is Formed In Chicago

CHICAGO, ILL.—Organization of a new Chicago firm, Comstock & Co., is announced by the partners, Erling J. Hansen, Edward P. Renier and Daniel F. Comstock, all of whom were formerly executives of Adams & Co. here. All have been in the investment business here for more than 20 years specializing in over-the-counter securities and reorganizations. They will continue to specialize in servicing dealers and institutions throughout the country. Offices have been taken at 231 So. La Salle Street.

Increased Production For Merchants Dist.

Merchants Distilling Corporation of Terre Haute, Ind., has completed arrangements with The Southern Comfort Corporation to produce and bottle their well-known brand of 100-proof liqueur, "Southern Comfort." For the past 10 years this liqueur has been manufactured only by the company at its St. Louis plant.

Merchants Distilling Corporation has its executive offices at Midland Building, Chicago, Ill., under the management of Mr. W. C. Dunn, President.

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Post-War Outlook For The Steel Industry

Higher Labor Costs Believed Not Likely To Prevent Favorably Situated Companies From Showing Satisfactory Earning Power

TARRYTOWN, N. Y.—The demand for steel should be excellent for several years after the war, according to a study of the post-war outlook of the steel industry just completed by the research department of E. W. Axe & Co., Inc. Labor costs have of course risen sharply, but some of the wartime increase is attributable to causes which will not be fully operative after the war. It seems probable moreover that the increase in labor costs will be partly offset by reduced corporation taxes, so that many companies whose principal customers are producers of consumers' durable goods, for which there is a huge deferred demand, should be able to show generally satisfactory post-war earning power. This is of considerable importance from an investment standpoint because the common stocks of most steel companies are today selling at lower levels than the 1937 and 1939 highs and several are selling very much lower.

The basis for the expectation of an excellent demand for steel after the war is mainly the huge deferred demand for automobiles, farm machinery, domestic household appliances, railroad equipment, new construction, and other steel-consuming products the output of which has been restricted or completely banned by war regulations. It is true, the study points out, that there has been a marked increase in steel mill capacity, so that there is some danger of high costs owing to the possibility that some mills will be forced to operate at much less than full capacity. There is also danger that the wartime increase in capacity will tend to encourage price cutting.

The study concludes, however, that the situation in this respect is considerably different from the situation that prevailed after the World War. Steel prices rose sharply during the World War, whereas during the present war they have remained virtually unchanged. Before the present war there had been little increase in capacity for nearly a decade, so that the wartime increase may represent in part merely an extension of the normal secular growth of the industry. The less efficient units will bear the brunt of whatever reduction is necessary from the present extremely high rate of operations, so that the wartime increase in capacity should increase rather than decrease the industry's average operating efficiency.

The study presents an analysis of the War Production Board's expansion program and concludes that some of the wartime increase in capacity may not be a permanent post-war influence because about one-third of the increase has been in districts where there were no steel mills before the war. Some of these units may be abandoned because of their uneconomic locations.

The study concludes with an analysis of the post-war investment prospects of 36 individual steel companies and selects the securities of those which appear to be reasonably priced relative to pre-war, war, and probable post-war earning power.

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Mutual Funds

Before Labor Day

The usual August lull in investment activity has been reflected again this year in the output of mutual fund literature. While the practice of investment company sponsors to save their good ideas until investment dealers are all back on the job may be sound in theory, the situation it creates can work both ways.

A really good piece of sales literature issued in August will stand out like a sore thumb. And with those dealers who ARE on the job during this period, it will make a lasting impression.

Among the few sponsors who have redoubled their efforts during the current month, **National Securities & Research Corp.** is one which has to its credit a considerable volume of interesting and unusual material. Not only are the discussions in the last two issues of **Investment Timing** on "Post-War Tax Planning" and "OPA Ceilings in Reconversion" worthwhile and informative reading on those vital subjects, but the memoranda on **National Stock Series** and **Industrial Stock Series** are packed full of new sales slants.

A dividend check, signed by all the companies represented in National Stock Series, is portrayed. It looks fantastic and the caption reads, "You will never see a dividend check like this." But it is effective in putting across the idea that dividends from National Stock Series come from the earning of a select list of American corporations.

Another memorandum on National Stock Series is headed with the "football" figures 20-97-4-44. These figures turn out to have statistical significance with respect to the list of holdings of this fund. Two memoranda on Industrial Stocks Series carry the same kind of sales punch.

* * *

Hugh W. Long & Co. has issued a new folder on "Steel—The Master Metal." It is a four-page job with some striking charts to illustrate the basic position of steel in our economy and to explain: (1) why steels are behind the market; and (2) why steel stocks are cheap. For an attractive steel investment, the folder suggests the **Steel Industry Series of New York Stocks, Inc.**

* * *

Maintaining, as in the past, the sales potency of a simple presentation, **Keystone Corporation** has just published a new folder entitled "Security Market Performance." It covers the first six months of 1944 and compares the market performance of various well-known bond, preferred stock and common stock indices with that of the 10 **Keystone Custodian Funds.** The folder contains no "selling copy" regarding the excellence of the Keystone performance. The figures speak for themselves.

* * *

Lord, Abbett devotes the current issue of "Abstracts" to the performance of **American Business Shares.** Commenting on the "cumulative effect of value selection" as illustrated by the performance of American Business Shares over recent years, Lord, Abbett reproduces the *BARRON'S* figures on the performance of combination funds from the end of 1940 and the end of 1942 through June, 30, 1944. Over the longer period American Business Shares just about equaled the average performance of the 10 other funds. From the end of 1942, however, American Business Shares led the entire list with a gain of 58.5% compared with an average advance of 45.7% for all the combination funds.

Mutual Fund Literature

Calvin Bullock—The August issue of **Perspective** discussing the post-war outlook of packaged foods; a brochure entitled **"Who Owns Dividend Shares and Why".** . . . **Lord, Abbett**—Revised portfolio folders on **American Business Shares** and **Union Bond Fund "C"**: also a revision of the **Affiliated Fund** folder, "How $1,000 Gets the Investing Potential of $1,700." . . **Hugh W. Long & Co.**—A revised Fundamental Statistics brochure on **Fundamental Investors** and a portfolio folder on **New York Stocks. . . . National Securities & Research Corp.** — Two suggested letters for dealer use in soliciting inquiries on **Industrial Stocks Series** and **National Stock Series.** . . . **Hare's Ltd.**—A new folder "Are Aircraft Stocks Undervalued?" . . . **Broad Street Sales Corp.**—The August issue of **Broad Street Letter. . . Selected Investments Co.** — Current issues of "These Things Seemed Important."

Dividends

Massachusetts Investors Second Fund, Inc.: A dividend of 10c per share payable Sept. 20, 1944, to stockholders of record Aug. 31.

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Price Recessions Following Peace Will Probably Be Less Severe Than Some Expect

Although it is believed in many quarters that an early peace will be followed by a sharp reaction in commodity prices predicated on the confusion and unemployment which will follow widespread cancellation of Government contracts, the Commodity Research Bureau in a recent survey of the "Outlook for Commodities", says that price recessions will probably not be as severe as many expect.

"The considerations leading to such a conclusion," the Bureau writes, "are:

"1. Prices of major farm commodities are protected by government loans.

"2. Ceilings have prevented runaway price advances so that declines do not have as far to go as they did after previous wars.

"3. Current price declines are, to some extent, discounting peace. Hence, if peace comes, prices will partially have adjusted to the event.

"4. We will be on a partial war economy inasmuch as the conflict in the Pacific must be pushed to a successful end.

"5. Relief requirements of the liberated areas, together with the large volume of accumulated domestic purchasing power, suggest that the demand will remain strong."

Death Payment Benefits On Civilian Policies Owned By Service Personnel In First Half Of '44

Thirty million dollars in death benefits was paid in the first six months of 1944 by American life insurance companies under 27,800 claims involving civilian policies owned by members of the armed forces and of the merchant marine, according to records compiled by the Institute of Life Insurance, and made public on Aug. 30. The aggregate of payments resulting from deaths in service since the start of the war is $94,200,000 under 75,900 claims, said the report, and added:

"These payments to the dependents of service men who have died are in addition to benefits they may have received under National Service Life Insurance," the Institute said. "The amount paid and number of claims met indicate how generally men going into service have continued the civilian policies they bought for the protection of their families, and how this insurance is paying out under war conditions.

"While war death claims represent a steadily increasing proportion of total death benefit payments by the life insurance companies as the intensity and scale of fighting increases, they accounted in the first six months of the year for only 4.9% of the $614,000,000 death benefit payments by the companies. In 1943 death benefits paid under policies on the lives of service men amounted to 4.1% of all benefits in that half year.

"A breakdown of the claim payments on policyholders in the armed forces and the merchant marine shows that up to June 30 last 38,300 claims for $39,900,000 were on the lives of policyholders killed in action. Of these 16,400 claims for an aggregate of $14,900,000 were paid in the first six months of this year.

"Deaths of service men resulting from accidents and other external causes since Pearl Harbor have resulted in 28,800 claims for $38,800,000, with 8,800 of these claims involving $10,700,000 paid in the six months ended June 30, last.

"Deaths from diseases among the service men accounted for 8,800 claims and the payment of $15,500,000 in benefits. In the latest six months' period 2,600 claims for $4,400,000 were settled."

New Jersey Municipals

J. B. Hanauer & Co's monthly publication, "The New Jersey Municipal Bond Market," contains essential facts on New Jersey Municipals. Copies may be had regularly upon request from J. B. Hanauer & Co., 1180 Raymond Blvd., Newark, N. J.

M. S. Wien Celebrates 25th Anniversary

M. S. Wien & Co., 25 Broad Street, New York City, is this year celebrating the twenty-fifth anniversary of the formation of the firm in 1919.

Tomorrow's Markets Walter Whyte Says—

Bearish sentiment now general in Street. But market persists in acting good. Market ready to advance again according to present indications.

By WALTER WHYTE

Under a barrage of good to excellent war news the market persisted in acting as a stray maverick. It wandered around, apparently friendless, seeking to attach itself to something that had some appearance of stability. But the exception of some better than average buying, which the public doesn't know about, or if it does, ignored, the board room crowd that makes for most of the vocal whoop-la just looked on with a dull lack lustre in its eye.

* * *

That everybody is beginning to look at the war as something over the dam is no great secret. Financial columns are full of grandiose theories of what plans for the post-war era will be. Some view the prospect with alarm, others with satisfaction. Voracious readers of these plans usually end up with headaches and confusion. For the fact is that nobody really knows what is in store for business or industry once the shooting is over.

* * *

Congress, with its head in the clouds, had two plans before it. The upper chamber had the Kilgore-Murray bill which it threw out in favor of the George plan. The House got the George bill and threw so many knives into it that it no longer means a thing.

* * *

The British "Economist," in discussing the Bretton Woods talkfest, points out that the plans set up by the conference can work only ". . . in a world in which the major countries were successful in avoiding . . . crises." It further points out that the United States is the "least persuaded of the necessity of taking positive action to control the economic environment."

* * *

Congress apparently is not the least concerned about the future. In its own way it is going through the motions. Motions which, if fruitful, will almost certainly lead to a major depression.

* * *

All this has of course nothing to do with the immediate market outlook. For, so far, the market isn't concerned with long-pull objectives. Its primary concern is the prospects for the next few weeks.

* * *

Looking at the market through these short-range

(Continued on page 901)

The Cotton Dilemma And Its Importance To American Business

(Continued from page 884)

the borders of the South. Wholesale distress and unemployment in the Cotton Belt would severely restrict markets for products of the North and West, besides causing desperate competition by the displaced Southern workers for livelihood in the production of commodities that have been supplied elsewhere. Preservation of the Southern cotton-growing industry is a matter of vital moment to business, agriculture and labor throughout the country.

"In the absence of wholly unforeseen developments in the cotton situation, it appears inevitable that the nation will find itself face-to-face with a serious dilemma in the not distant future. No single means of escape yet suggested seems both adequate and practicable. If events follow their usual course, a partial solution is likely to be sought in a combination of measures — some price concessions, some modification of acreage restrictions with increased production, some tariff adjustments, some reliance on foreign credits, some use of subsidies.

"For the rest, the salvation of the industry must depend on such aid as may be found in industrial research, trade promotion, improved methods of cultivation, more favorable conditions of international commerce and higher standards of living throughout the world. Both farmer's organizations and manufacturers are beginning to give serious attention to research with a view to developing new uses for cotton, means of substituting cotton for other fibers, and methods of combining cotton with other natural fibers and synthetic materials. Further improvement in agricultural methods to the point where yields averaged ¾ bale per acre would go far toward reestablishing American cotton on a competitive basis in world markets. Textile manufacturers also are improving their methods, thus preparing the way for lower costs and permanent enlargement of sales outlets. Prospects of this kind, while necessarily somewhat vague, may in the aggregate outweigh the adverse factors that have been operative in the past and result in a more favorable outcome than can be definitely foreseen at present.

Effects of the War

"The enormous wartime demand for cotton goods has radically altered the situation by making American cotton growers temporarily independent of foreign markets. From an average annual volume of 6 million bales before the war, domestic consumption has risen to approximately 11 million bales; the acreage-restriction program has been suspended; and the price of raw cotton has more than doubled. Price support, however, remains an official objective, as evidenced by the provision of the price-control act requiring the Office of Price Administration to make ceilings for cotton products reflect parity prices to growers of the raw material.

"For an indefinite period, perhaps several yearse. following the end of hostilities, the demand for cotton is expected to equal, if not exceed, world production. The people of many countries have been without adequate supplies of cotton goods for several years, and an enormous accumulated need will have to be filled as soon as peacetime trade channels are reopened. To meet this demand, large stocks of raw cotton are still available in producing countries; but these stocks, in some countries at least, are apparently declining, and their probable size at the end of the war is problematical. Unless production can be increased rapidly, stocks may be reduced to low levels and producing capacities taxed to meet the immediate post-war demand. A possible offsetting factor, the importance of which cannot be accurately judged now, is the reduction in the world's cotton-processing capacity due to wartime destruction and deterioration of plants and machinery.

The Long-Term Outlook

"The long-term outlook for cotton depends partly on general economic conditions and international trade policies, partly on the development of new uses for cotton products, and partly on the competition of other fibers and substitutes. The net effect of these various factors is admittedly impossible to forecast with any assurance at present. Swift progress in the chemical industries and in industrial techniques in general will probably bring increasing competition to cotton in some of its uses and at the same time give rise to new sources of demand for it. Many trade authorities look forward with very serious apprehension to the inroads which they believe will be made in cotton markets by the various synthetic fibers. Some consider the outlook in this direction quite as menacing, from the standpoint of the cotton grower, as the prospective competition of foreign cotton. Others believe that the new uses will fully offset the competition and that, if a general economic background conducive to healthy international trade can be set up, the future world market for cotton will at least equal that of the past.

"With the possible exception of tariff revision, abandonment or modification of the price-support policy would appear to be the most essential feature of any sound and lasting solution of the cotton problem. Unfortunately, the political difficulty of this course has been only too clearly demonstrated by recent developments. With cotton prices at home far above those abroad, with the average domestic price more than twice as high as the outbreak of the war, and with a national policy devoted to the maintenance of general price stability, Congress has seen fit to exempt cotton, along with other farm products, from the full control exercised over other commodities. As long as this state of mind persists, there seems little prospect of thorough-going revision of price policy."

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Railroad Securities

The old bugaboo of the "monopolistic practices" of the railroads has been brought out of moth balls a little earlier this year than usual. Last year it was not until October that Vice-President Wallace, who was then carrying the ball, viewed with alarm this blight to the economic growth of large sections of the country. This year it is the Justice Department which finds the collusive discrimination deplorable. Last year Vice-President Wallace's sympathies were largely with the Southern territory. This year the spotlight is on the politically more doubtful western section of the country.

The anti-trust action recently instituted against railroads in that territory, two agencies of the railroads, and two banking houses, according to representatives of the Justice Department, will not be tried for six months or a year. Nevertheless, publicity attending the action may be expected to remain fairly active until after the fall elections. It hardly seems credible, in the light of the facts known to any one with even a rudimentary knowledge of railroads and railroad operations, that the action is motivated by other than political considerations.

The action naturally finds fault with the rate structure and rate-making practices. This has also long been a favorite political cry in the Southern territory. It is charged that rates imposed in violation of anti-trust statutes discriminate against the West and have retarded the growth of that territory. Population trends and the consistent rise in the value of manufactures from that area in relation to the Eastern territory for many years prior to the war hardly support any such claim. Moreover, rates are in the province of the ICC, and if there had been discrimination it would have been a very simple matter to complain to that body. If it is unrestricted competitive rate wars between individual railroads that the Justice Department is trying to bring about they are woefully ignorant of the entire transportation legislative setup and are certainly inviting chaos.

The Justice Department further accuses the railroads of hindering and preventing development of highway, waterway and pipeline competition by forcing them to keep rates to the high levels maintained by the railroads. The traffic already diverted to these competitive carriers is one answer to this argument. Another is that by and large many factors point to the conclusion that all transportations charges in the area are uneconomically low rather than artificially high.

A very large percentage of the total bankrupt railroad mileage in the country is in the Western section. The trucking industry as a whole has an operating ratio of close to 100%, and unless it gets higher rates is apt to die of malnutrition. If the waterway competition referred to is intercoastal, it is notable that that industry cannot operate profitably consistently under normal conditions with the present rate structure. If inland waterways were referred to, that is a subsidized industry with rates acknowledged as well below the level necessary to cover costs.

Another contention is that the Western roads, through collusive action, have been deterred from improving passenger facilities and service. Any one who has traveled west of Chicago knows that the Western roads were actually the pioneers in improved passenger service both with respect to equipment and low-cost tourist accommodations. In large measure, trains on regular runs west of Chicago compare favorably with the de luxe passenger trains running between Eastern metropolitan centers. The most charitable conclusion is that the instigators of this action have never been forced to travel by train.

All in all, it is difficult to visualize any means by which the Justice Department can hope to uphold the arguments put forth in the anti-trust action. The action may well be continued for quite a lengthy period, and will unquestionably be bothersome. Nevertheless it is not believed likely that this suit will have any real effect on the railroads involved nor on railroad operations in general. If by any chance the Justice Department should be successful in bringing about a new system of independent rate setting by individual roads it would unquestionably mark the beginning of the end of private ownership of railroads in this country.

Available On Request

Schenley Distillers Corporation have prepared an attractive booklet containing the first articles in the series they have been running in the "Financial Chronicle." Copies of this booklet may be had upon request by writing to Mark Merit, in care of Schenley Distillers Corporation, 350 Fifth Ave., New York 1, N. Y.

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Situations Interesting In Conn. Companies

Chas. W. Scranton & Co., 209 Church Street, New Haven, Conn., members of the New York Stock Exchange, have prepared memoranda on Acme Wire Co.; Veeder-Root, Inc.; Scovill Mfg. Co.; Arrow-Hart & Hegeman Electric Co.; Landers, Frary & Clark, and United Illuminating Co., Connecticut situations which appear attractive at current levels. Copies of these memoranda may be had from Chas. W. Scranton & Co. upon request.

Tax Free In Pennsylvania

H. H. Robertson Company, which is tax free in Pennsylvania, offers interesting possibilities according to a memorandum issued by Buckley Brothers, 1529 Walnut St., Philadelphia 2, Pa., members of the New York and Philadelphia Stock Exchanges. Copies of this memorandum may be had from the firm upon request.

Discussion of
"Interpretation of Narrowing Trend of Rail Earnings Decline"
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Attractive Situations

Ward & Co., 120 Broadway, New York City, have prepared circulars on several situations which currently offer attractive possibilities, the firm believes. Copies of these circulars, on the following issues, may be had from Ward & Co. upon request.

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Boston & Me. Looks Good

Boston & Maine Railroad prior preferred and first preferred offer attractive possibilities according to an analysis of the situation issued by Price, McNeal & Co., 165 Broadway, New York City, who point out that there was no post-war slump in railroad business after the first World War and that pessimistic predictions may also be wrong this time. Copies of the study, discussing the situation in detail may be had from Price, McNeal & Co. upon request.

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Real Estate Securities

By JOHN WEST

Broadway Trinity Place Corporation
A Study Of Deflated Values

The statement attributed recently to John H. Fayey, commissioner of the Federal Home Loan Bank administration was of special significance to investors in New York real estate bonds. He was quoted as saying, "The inflation of real estate before the depression attained a record high level in New York State. The succeeding deflation carried values to lower depths than elsewhere and the recovery in later years has been much slower in New York than in the rest of the nation."

Around this statement hinges the most important hypothesis and intellectiveness of real estate bond buying, namely, the actual value of the property securing the bond.

Real estate bonds have for years sold at large discounts from par value. The reason for this was the necessity at arriving at a level that would sufficiently discount the predepression inflation. In the last couple of years, with the aid of wartime earnings, real estate bond prices have had a continual upswing. According to one index covering 200 Eastern realty issues, that average now stands at 48% of par value.

The important problem, however, is to ascertain the proper level at which a given real estate bond should sell in order that it may be considered a safe investment. If this figure can be ascertained, it would become a valuable asset to the potential real estate bond buyer. The advantage of being able to purchase this type of security below the safety price level is obvious. In addition to a good investment, the buyer would also have the advantage of leverage of price appreciation.

How then to go about ascertaining the proper value of a piece of property securing a real estate bond issue? Shall we take the original cost of the property and deduct so much each year for depreciation? This would not be feasible because the cost may have been inflated and reproduction value may be much less. Shall we take the assessed value of the property as a criterion? This procedure would not be satisfactory either, because we must discount the fact that the higher the municipality assesses the property, the more tax they receive, and we must therefore consider their opinion of the value to be prejudiced. Shall we therefore rely on an appraisal of the property by a reputable real estate broker? This might help, but is not entirely satisfactory inasmuch as it would give an opinion as to the value of the brick, mortar and the land. Earning capacity of the property is an important factor and very often determines the price at which the property is marketable. However, if all the facts mentioned are taken into consideration together and not separately, and then are weighed, a pretty fair conclusion may be reached.

We have taken a bond issue called Broadway Trinity Place Corp., representing a first mortgage on a 38-story office building, as a study today. We feel that this issue has appreciation features and emphasizes the lack of proper recovery from excessive deflation.

Recently completed reorganization of the bond issue resulted in maximum benefit to the bondholders. In addition to a new first mortgage bond each bondholder received stock representing an equal share in the ownership of the property. The value of this equity may be judged by the fact that during reorganization the former owners offered to turn over to the bondholders approximately $120,000 in order to retain approximately 80% of the ownership while the bondholders would receive the other 20%. The owners' plan was refused and the bondholders received all the equity. The bond issue of $4,595,500 was left intact and not reduced, as is being done in so many current reorganizations. The advantage of this is apparent from a tax standpoint. Large funded debt permits deduction of large interest distributions before being affected by income taxes.

As stated before, this $4,595,500 bond issue represents a first mortgage on a 38-story office building at 39 Broadway and each bond carries with it stock representing an equal share in the ownership of the property. The building is one of the most modern in the financial section, having been completed in 1928. It is well located, just one block south of Wall Street fronting 89 feet on Broadway extending back 190 feet to Trinity Place. It has a ground area of about 17,250 square feet and a rentable area of about 330,000 square feet.

At the current price of the bonds, 36%, a value of only $1,650,000 is placed for the entire property. In 1929 the former owners paid approximately $9,500,000 for the property of which cash investment was about $4,300,000. Current assessed value is $4,950,000.

During the month of July, 1944, announcement was made that 15 office buildings in New York City were sold at an average of 68.3% of assessed value. Assuming therefore that the reasonable current sales possibility of this property is the same percentage of assessed valuation, a price of $3,385,500 is arrived at, which certainly compares most favorably with the value of $1,650,000 at current market of the bonds.

Available net income of the property is applied, first, to interest at 3% per annum cumulative. Second, to payment of accumulated unpaid interest. Third, balance up to $75,000 per year to sinking fund. Fourth, to payment of additional non-cumulative interest up to 1½%. Fifth, all remaining income is to be paid into a sinking fund until issue is reduced to $2,000,000. Providing their interest is paid at 4½%, then net income is to be divided into two equal parts, one part for sinking fund and one part for dividends on the stock. Working capital of $40,000 must be maintained.

Present corporation took title to the property on Dec. 31, 1943, and in the first four months of 1944 reported gross income of $203,340. Earnings for the four months' period were $49,566 or 1.08% on the bonds. Interest of 1% was declared payable as of July 1, 1944, and $3,611 was paid into sinking fund (this should retire about $10,000 of bonds at prevailing prices). Occupancy is about 96%. The annual rent roll of some $540,000 should produce earnings of at least 3% on the bonds.

Contest Brewing In Congress On Bretton Woods Agreements

(Continued from page 882)

want our country to assume the normal responsibilities of a great nation toward other nations suffering like ourselves in this war.

Mr. Gifford: But with $28,000,000,000 lend-lease operations going on, think of our loss there as compared to the possible loss under the fund.

Mr. Dewey: But I want to do it from an enlightened, selfish point of view just exactly as every other nation will, to protect our rights.

Mr. Gifford: . . . the gentleman's way of dealing out things and explaining convinces me that if we are not willing to run the risk of losing money we run the awful risk of being charged with unwillingness to cooperate and with being termed "isolationist"—which I am not.

Thus, it would appear, "face" is not exclusively the property of Orientals and a consideration in the adoption of the Bretton Woods plans is what the rest of the world would think of us if we chose some other policy. Many Americans prefer this country to be called "Uncle Sap," rather than "Uncle Shylock." The trouble is, we might be called both, in succession, as we were last time.

The Congressional silver bloc has been heard from and will be heard from again, in connection with the subject of the Bretton Woods Conference. Whenever that bloc can sell its support at the price of some benefit for silver, it tries to do so. Senator Scrugham (D., Nev.) is quoted as saying that the failure of the conference to respond favorably to the silver bloc's suggestions will affect its attitude toward ratification of the Bretton Woods plans. Mr. Robert S. Palmer of Colorado, who speaks for various silver and gold mining interests and in that capacity visited the conference in New Hampshire, has been —according to the press—calling for Congressional opposition to the Bretton Woods plans and for higher prices for bullion.

Thus, notwithstanding the policy of postponing debate on Bretton Woods and the absence from Washington of many members of the Congress, the lines are being drawn for a contest. Outside of Mr. Dewey's H. R. Res. 226 and his latest suggestion for expanding the Export-Import Bank, alternatives to the Bretton Woods approach to international financial cooperation seem to be relying largely on currency stabilization by the "key country" method. This would involve first stabilizing the exchange rate between the dollar and the pound sterling. Along this line, one of the leading plans—advocated by a so-called "international banker" — would cancel the debts of World War I, put a five-year moratorium on lend-lease repayments, and lend the British $5,000,000,000 of American gold. To those like Congressman Dewey, who fear that American billions lent by the Bretton Woods formula would be lost, it is difficult to imagine that the loan of $5,000,000,000 to the British would seem any safer.

According to Washington opinion, banker opposition to the Bretton Woods plan of stabilization is not nation-wide, but is concentrated among New York banks, the international bankers. This apparent paradox is heightened by the fact that the present-day "international bankers" are really the New Dealers. Those who, a decade or more ago, "drove the money changers from the temple," today advocate exchanging any currency for any other.

Lower Wage Income Ahead

(Continued from page 883)

averaged better than 48 hours a week. Not until the New Dealers with their ideas of "spreading work" and indirectly raising wages got busy did we hear anything about 40 hours a week. Hence I beg wage-earners to save money now. Build up savings bank accounts. Hourly wage rates may hold up; but most of you will get much less in your pay envelopes.

Technological progress has made it possible to turn out more production during a shorter work-week. New and more efficient machinery can produce more in a given period; but, actually, even during our critical war days these machines have not been permitted to work on a capacity load. With overtime out, workers themselves may insist on a 44 or 48-hour week, and they may get it. But if they do, they will be expected to **work** and to keep the machinery **working**. Slowdowns will not be tolerated after the war.

More or Less Leisure?

Competition in all lines will be the outstanding factor as we emerge from the transition period of war to peacetime operation. This competition will not be merely a domestic issue but will be worldwide. There will be no place in our peacetime economy for the idle, lazy or inefficient; everyone must work.

Very large domestic and foreign markets will exist for United States goods. In view of this, I believe, given a chance, that the question of employment may largely solve itself. Workers themselves, with or without benefit of their unions, must chose whether they want more leisure or a larger share of consumer goods which a longer work-week—without overtime—can provide.

Price Versus Wage Rates

The average consumer has learned to get along during the war on less than he had before the war. Hence, if the prices of goods rise too high and get out of line with salaries and dividends we are apt to see "buyers" strikes rather than wageworker strikes. White-collar workers have taken it on the chin in recent years. As a group, they have nothing to look forward to in the way of salary increase. Hence prices of goods must be kept within reach of their pocketbooks.

A return to a free movement of wages and prices with a recognition of supply and demand, rather than to a continuance of political and man-made laws, is in order. Unfortunately, most of us learn only by experience when evaluating hours of work, wages and production schedules. These matters are, however, definitely a part of our reconversion program. The war will be brought to a successful conclusion by our military leaders. I hope our post-war plans will be as successfully handled by our political leaders.

"Our Reporter On Governments"

JOHN T. CHIPPENDALE, JR.

The Government bond market in the past week was firm to strong, with a continued good demand being in evidence for the 2% taxable bond group, with a somewhat firmer tone being displayed by the partially exempt obligations. . . . Nevertheless, it is indicated that many investors are becoming quite cautious at this time because of the belief that with very important events impending, the Government bond market may be subjected to some fluctuations pending the clarification of these uncertainties. . . .

TAX UNCERTAINTY MARKET FACTOR

The recent fluctuations in the partially exempt obligations due to the uncertainties of future taxes has caused some to adopt a watchful and waiting attitude toward the market. . . . While considerable funds are still being put to work in bills, certificates and notes, many institutions must from necessity obtain a return that is larger than that available in the short maturities. . . . It was learned that in order to do this, some banks have been making "combination purchases" with part of the funds going in the short-term obligations and the balance into long-term securities. . . .

An example of this was the reported purchase of the ⅞% certificates of indebtedness due Aug. 1, 1945, and the 2½% bonds due 1967/72. . . . Another purchase of this type was the 1% notes due March 15, 1946, and the 2% bonds due 1952/54. . . . Some institutions, it was learned, have been purchasers of the ¾ notes due Dec. 15, 1945, and the 2% bonds due 1951/53. . . .

The long-term bonds taken on by these institutions in the "combination purchases" are those selling closest to 100, the feeling being that if any unsettlement should come into the Government bond market because of sudden world developments, the worst that would be witnessed would be a temporary recession in prices to about 100 for these securities. . . .

PROTECTED MARKET

With the Government faced with a substantial refunding program after the war, as well as the financing of the deficit, it is reasoned that for a long time to come the Government bond market will be protected, and prices below par for the long-term securities purchased, in the groups indicated, is not in the immediate offing. . . . By these "combination purchases" a larger income is obtained than would be available if the funds were invested entirely in short-term obligations. . . .

The Treasury recently announced that the ⅞% certificates of indebtedness maturing Sept. 1, 1944, and outstanding in the amount of $4,122,000,000 would be exchanged par for par for ⅞% certificates of indebtedness due Sept. 1, 1945. . . . At the same time it was announced that $283,000,000 of the totally tax-exempt 1% notes due Sept. 15, 1944, and $635,000,000 of taxable ¾% notes due Sept. 15, 1944, would be exchangeable for the 1% taxable notes due March 15, 1946, at par. . . . There had been some discussion prior to the exchange offer for the Sept. 15 note maturities as to whether it would be the 1% note due March 15, 1946, or the 1¼% notes due March 15, 1947. . . . It was felt in some quarters that the Treasury could extend its maturity schedule by another year if the exchange offer were for the 1947 note instead of the 1946 note. . . . On the other hand, the 1947 note was selling at a premium of 10/32 compared with a premium of 5/32 for the 1946 note. . . . Evidently the Treasury decided not to give away too much in the way of a premium to holders of the maturing Sept. 15 notes, since the 1946 maturity was the one offered in exchange. . . .

EXCHANGE OFFER INDICATED

There had been some talk that the Government might also make an exchange offer at this time to the holders of the $1,037,000,000 of 4% Treasury bonds due Dec. 15, 1954/44 but called for payment Dec. 15, 1944. . . .

However, it seems now as though it will be later in the year before any such exchange will be made, if at all. . . .

It is indicated that the Treasury may decide to pay off these bonds on Dec. 15, 1944, probably from the proceeds of the Sixth War Loan Drive, which has been scheduled to start about that time of the year. . . . Retirement of these bonds, whether through other Government obligations or by cash payment will mean a saving in interest to the Treasury. . . . If these bonds should be paid off on Dec. 15, next, the interest saving would amount to $41,480,000 annually. . . .

The Treasury recently made available data on the results of the Fifth War Loan which gives considerable information on the most successful financing by the Government since the war started. . . . Sales of securities by issues were as follows:

	Amount	Percent of Total
Non-Marketable Issues—		
Savings Bonds—Series E	$3,036,000,000	14.7%
Savings Bonds—Series F and G	818,000,000	4.0
Savings Notes—Series C	2,575,000,000	12.5
Total Non-Marketable Issues	$6,429,000,000	31.1%
Marketable Issues—		
⅞% Certificates of Indebtedness, due 6-1-1945	$4,770,000,000	23.1%
1¼% Treasury Notes, due 3-15-1947	1,948,000,000	9.4
2% Treasury Bonds, due 6-15-1952-54	5,229,000,000	25.3
2½% Treasury Bonds, due 3-15-1965-70	2,263,000,000	11.0
Total Marketable Issues	$14,210,000,000	68.9%
Total Amount of Sales	$20,639,000,000	100.0%

MARKETABLE ISSUES PREDOMINATE

Sales of marketable securities predominated, due to the fact that these issues are particularly well adapted to the needs of institutions, governmental units and business organizations with large blocks of funds to invest. . . . Sales of the 8-to-10-year 2% Treasury bonds amounted to $5,200,000,000 with purchase of the ⅞% certificates almost as large, totaling $4,800,000,000.. . . . Considerably smaller amounts of the 2½% Treasury bonds of 1965/70 and the new 1¼% Treasury notes were sold during the drive; sales of the 2½% bonds amounted to $2,300,000,000 and sales of the 1¼% notes to $1,900,000,000. . . .

It is indicated that almost 64% of all the securities sold during the drive were either demand obligations or had a maturity of three years or less. . . .

The total amount of funds obtained by the Treasury from all sources during the Fifth War Loan of $21,997,000,000 was in line with estimates that had been made prior to the ending of the drive. . . . Results of the drive and purchases of securities by classes of investors is summarized in the following table:

	Amount	Percent of Total
Individuals—		
Series E Savings Bonds	$3,036,000,000	
Other Securities	3,315,000,000	
Total Purchases by Individuals	$6,351,000,000	30.8%
Corporations and Other Investors—		
Insurance Companies and Savings Banks	$4,294,000,000	
Other Corporations and other Associations	9,994,000,000	
Total Purchases by Corporations and other Investors	$14,288,000,000	69.2%
Total purchases by all Investors	*$20,639,000,000	100.0%
Purchases of Securities Made Directly During The Fifth War Loan but Excluded From Drive Totals		
Purchases for Treasury Investment accounts (2½% due 1965-70)	$593,000,000	
Commercial Bank Purchases for Savings Accounts	765,000,000	
Total Amount of Funds Realized from Direct sales during the Fifth War Loan from all Sources	$21,997,000,000	

*Includes $300,000,000 of deferred payment subscriptions to the 2% and 2½% bonds offered during the drive.

INSURANCE COMPANY BUYING

Sales by classes of investors shows that insurance companies preferred the 2½% bonds of 1965/70 with almost 50% of all purchases by this group being in this issue. . . . Likewise almost 60% of the total sales of the 2½% due 1965/70 were made to insurance companies. . . . Savings banks, on the other hand, favored the medium term 2% due 1952/54 with more than four-fifths of their purchases being made in that security. . . . The large business organizations concentrated their purchases in the ⅞% certificates and in the series "C" savings notes, which amounted to $5,600,000,000 out of total purchases of $8,200,000,000. . . .

In addition, this group purchased $2,200,000,000 of the 1¼% notes due March 15, 1947, and 2% bonds due 1952/54. . . . State and local government purchases, along with those of dealers and brokers, were mainly in the ⅞% certificates, 1¼% notes and the 8-to-10-year bonds. . . . Individuals concentrated very substantially in demand obligations and short-term issues, with more than 72% of their purchases being in securities of this type. . . .

While the commercial banks bought only $760,000,000 of securities directly from the Treasury during the drive, they were much more important in an indirect way with purchases of the outstanding issues amounting to $4,900,000,000. . . . Holdings of bills by the reporting banks increased by $1,300,000,000, while certificates purchased aggregated $2,300,000,000, with notes showing an increase of $300,000,000 and bonds bought amounting to about $1,000,000,000. . . .

Thus, either directly or indirectly, the commercial banks bought securities in the amount of $5,600,000,000 during the Fifth War Loan, which made them an important factor in the drive.

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Treasury Announces New Simplified Tax Form

The Bureau of Internal Revenue announced on Aug. 29 that it has devised a new simplified income tax form for wage-earners with annual incomes of $5,000 or less.

Employers must fill out a part of the workers' tax return, stating the amount of wages earned during the year and the amount of withholding tax paid. The employees must then fill in the names and number of dependents and send the form to the Bureau of Internal Revenue, where the tax will be computed and sent back to the wage-earner in bill form. This will include the amount not covered by the pay-as-you-go plan; however, if there has been overpayment by that plan a refund will be sent.

The Treasury Department also added that this new form may be used by the husband and wife if their combined income is within the range below $5,000.

The Collector will work out these returns by the use of a table, whereon 10% of the taxpayer's total is automatically deducted for charities and other expenses. Because of this, deductions of a similar nature may not be listed on the new form, but if deductions for these purposes are more than 10% the old tax form 1040 may be filled out.

Associated Press Washington advices also state that:

The simplified return may be used by any one whose total income in 1944 was less than $5,000 and consisted wholly of wages shown on withholding receipts or of such wages and not more than $100 of other wages, dividends and interest. All other taxpayers will be required to make their returns on old-style forms, which also are being simplified in accordance with the tax simplification law.

ADVERTISEMENT

NOTE—*From time to time, in this space, there will appear an article which we hope will be of interest to our fellow Americans. This is number forty-seven of a series.*
SCHENLEY DISTILLERS CORP., NEW YORK

Native

American whiskey is unlike any other whiskey in the world. It imitates no other country's "national" alcoholic beverage. It is as native to America as "pork and beans," "ham and eggs," and "steak." Incidentally, the latter is so American that few foreign languages, if any, have their own name for it. Go to France, to Spain, or Italy, and if you find it on the menu it appears in English, or very similar, perhaps, ("steka" or "steaka," or "bifstek").

American Rye, or Bourbon, or the increasingly popular American Blended Whiskies, are strictly U. S. A.—in flavor. To be sure, those who possess sensitive tastebuds can tell the difference among these three types, and there has undoubtedly been a sectional preference for Rye or Bourbon—quite pronounced in some areas. Skillful blending, however, has done something for American whiskies, and a fine Blended Whiskey seems to possess taste qualities that please both the Rye and the Bourbon drinker. And, yet, a fine Blended Whiskey has neither a distinctive Rye nor Bourbon flavor dominance.

While science has entered the distilling industry, particularly during the past ten years, bringing precision and exactitude into the selection of grain, yeast, water, barrels, and in the control of the processes of fermentation and distillation, the expert blender is much more an artist than a scientist. He takes the fine, clean whiskies of various ages and types from his whiskey "hall of fame," and does things with them, just as the painter takes his primary colors and blends them together to create new and rare color characteristics.

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Wm. Wellington To Be Arrowsmith Partner

William S. Wellington will be admitted to partnership in Arrowsmith, Post & Welch, 115 Broadway, New York City, members of New York Stock Exchange, on Sept. 1. Mr. Wellington graduated from Harvard College and Harvard Business School and started his business career with the cotton goods firm of Wellington, Sears & Co., which was founded by his grandfather, William H. Wellington. He has been associated with the Central Hanover Bank and Trust Co. for the past seven years, specializing in trust investments.

Admission of Mr. Wellington to partnership in the firm was previously reported in the "Chronicle" of Aug. 24.

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Public Utility Securities

Electric Bond & Share

The 1943 report of Electric Bond & Share (recently issued), together with the balance sheet of June 30th, permit a re-appraisal of the position of EBS common, in which there has been some increased market interest recently.

The company had up to June 30th repurchased $33,895,500 preferred stock at a cost of $25,122,794, or an average of about $74 a share, compared with the present market price of 95¼ for the $6 preferred and 92 for the $5. Due to the substantial amount of cash held, (about $15,000,000 on June 30th compared with over $25,000,000 in the previous year), as well as the reduction in interest income from American & Foreign Power notes, the company's net income has remained inadequate to cover preferred dividends (the deficit for the 12 months ended June 30th being about $1,683,000). However, with an earned surplus of nearly $60,000,000 and plenty of cash there seems no reason to anticipate a cut in dividend payments, which have always been regularly declared.

The outstanding preferred stock has now been reduced by repurchases about 23%, to $111,670,000. Under the present SEC authorization (as of July 30th) the company can spend about $6,000,000 cash for additional purchases. So long as the market price of the two preferred stocks does not advance above par, the company should be able to proceed with its program—assuming that the SEC authorizes earmarking of additional cash when the present fund is used up—but in view of the Commission's dislike for retiring senior securities at prices over par, the program might encounter difficulties at some later date.

The company's portfolio has not changed much in the past year, and because of the control exercised by the SEC, will probably not be altered substantially except as the result of SEC decisions. The largest investment is in American & Foreign Power, which controls operating companies in six South American countries, Cuba, Central America, Mexico, and India, (the Shanghai property is now in Japanese hands). While these foreign subsidiaries are beyond SEC control, the parent company, as a sub-holding company of Electric Bond & Share, remains under SEC jurisdiction.

According to the latest annual report, Electric Bond & Share's investment American & Foreign cost about $280,000,000, principally representing cash paid into that company's treasury for its junior stocks in the period 1923-30.

Taking Cuban Electric bonds at an arbitrary valuation of 75 and American & Foreign Power notes at 100, with the preferred and common stocks and warrants at the market, the total current value of the investment is estimated in round figures at $112,000,000. However, it appears likely that American & Foreign will be recapitalized under SEC orders, possibly in the coming year or so, and due to the large arrears on the first and second preferred stocks, the common stock and warrants (with market valuation of some $9,000,000) have dubious standing, and it seems safer to reduce the estimated total by that amount, leaving $103,000,000. Of this amount some $46,000,000 represents the investment in the second preferred stock, of which only about 15% is held by the public, and on which there are huge arrears. The question of the eventual value of the EBS stake in American & Foreign presents many angles, which must doubtless await SEC clarification.

The investment in securities of the United Gas system also present a number of problems, but these have been somewhat clarified by the latest plan submitted to the SEC, in which EBS indicated its willingness to accept cash of $44,000,000 in exchange for its various holdings in that system. While the SEC has not yet rendered its decision, this amount furnishes a convenient appraisal figure, in preference to market values of the securities.

Other items in the portfolio may raise some questions of eventual readjustment, but the amounts involved are smaller. The stake in American Gas & Electric, some $26,000,000, seems rather "solid". Also the $18,000,000 market value of National Power & Light common appears substantial, unless the SEC should raise subordination questions at some later date; National has retired all senior securities so that the common has a clear title to underlying equities. Electric Power & Light preferred and the common (about $11,000,000 market value) and American Power & Light preferred and common (about $5,000,000) might suffer shrinkage, of course, since the principal investment is in common stock in each case, and subordination questions might enter into final recapitalization plans. The remaining items are a small stake of about $1,000,000 in Commonwealth & Southern, marketable system bonds of some $9,000,000, and net current assets of $11,000,000. The total figure of $228,000,000 would, after deducting preferred stocks at par, leave an estimated equity of $116,000,000 for the common or about $22 per share.

This figure is of course subject to the reservations indicated above. Also it is unlikely that the company will completely liquidate, unless forced to by the SEC; the management plans to diversify in industrial fields, retaining Ebasco Services, the management subsidiary, as a consulting agency. It also appears likely that foreign interests will be retained.

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New U. S.-Mexico Treaty Threatens Private Ownership Of Border Utilities

By GEORGE WANDERS

Writer Views It As Giving Indisputable Power To A Commission To Acquire, Construct And Operate Irrigation, Flood-Control, Hydro-Electric And Other Works On International Streams.

Determined opposition to ratification of a new type of international treaty is springing up in our Southwestern States and is destined to become an issue in the Presidential campaign. The treaty, signed with Mexico last Feb. 3 and submitted to the Senate a few days thereafter, is described by some of its opponents as a fresh high in New Deal dodges and subterfuges. The opposition is prepared to fight to the bitter end in hearings now pending before the Senate Foreign Relations Committee.

No antagonism toward Mexico is involved in this growing dispute. Questions raised by those who are girding to fight the treaty are almost entirely domestic, for this remarkable and unique document proposes, quite incidentally, to set up vast regional authorities within the United States covering the streams of the Colorado River and the Rio Grande. The United States section of an International Boundary and Water Commission would have indisputable power to acquire, construct and operate irrigation, flood control, hydro-electric and other works at any point within the United States on the streams.

Boulder Dam, it is argued, would pass from the control of the Department of the Interior to the new United States section of the commission, for which reason Secretary Harold L. Ickes is numbered among the opponents of the treaty.

State and local government officials in the Southwest are denouncing the treaty emphatically. Robert W. Kenny, Attorney General of California, has written a brochure describing it in no uncertain terms. The Colorado River Board of California sprang early to defense of water and property rights vested in communities of the Southwest. Executives of privately-owned utility systems are wondering what the status of their companies will be under the treaty, if ratified.

For the document, asserts Mr. Kenny, fully bears out ideas on nationalization expressed by Dr. Charles A. Timm, Department of State assistant in the Division of Mexican Affairs.

"All existing irrigation, drainage, flood control and power projects in these river systems should be nationalized and all such future projects should be undertaken by the respective national governments," Dr. Timm argued. "Privately owned utilities and irrigation companies should be excluded altogether, and present ownership, wherever it exists, by local governments should be replaced by national ownership," he added.

Officials of New York and other Eastern States are beginning to take an interest in the proceedings, and in the Northwest a similar awareness is spreading. For a hint was thrown out by Dr. Timm in a recent State Department bulletin that the treaty may be taken as a model for future treaties governing international streams. This raises the question whether the New Deal intends to fashion similar treaties with Canada covering the St. Lawrence and Columbia River systems.

Dr. Timm, as one of the authors of the proposed Mexican treaty, held it frankly in his study for the State Department bulletin to be "the most important of its kind in the history of the world, both in the range and scope of its provisions and in its social and economic significance."

In effect, according to the opposition, the treaty would make feasible vast internal projects "of social and economic significance" under the guise of an apparently simple international boundary and water arrangement. Moreover, once the Senate ratified the document, all further controls over expenditures and functions of the boundary and water commission would be removed from Congress and placed exclusively with the State Department, thus providing a unique quirk.

"The Senate of the United States will have no further control of such matters," Mr. Kenny states. "The United States section will have plenary powers to commit the United States to vast expenditures."

The powers of the commission would be such as to make it sole judge, jury and executioner of any program it elects to undertake under the broad provisions of the treaty. The Congress would be forced to vote the necessary appropriations because contrary action would constitute a breach of the international treaty. No provision is made in the document for judicial review of any act, determination or finding of the commission.

Still another departure from precedent in treaties setting up international commissions is found in a tendency toward perpetuation of the Meixcan agreement and the commission to be set up thereunder. Our treaty with Canada, for instance, ran for a brief period after ratification in 1909, and then was subject to termination on one year's notice from either government. But the treaty with Mexico would be perpetual until and unless Mexico acquiences in another agreement.

Specific objections are raised to placing within the control of the commission matters that are essentially judicial in character, power to authorize either country to divert and use water not belonging entirely to such country, and perpetual power to construct revenue-producing works and the operation thereof and the rates to be charged for the output.

"The pending treaty," say its California opponents, "is an attempt to establish an agency with perpetual and unprecedented administrative, judicial and regulatory powers with no Congressional controls. By the use of a treaty as a vehicle, recall by Congress of the powers delegated is made impossible.

"During the next few years many treaties will be written. With the Mexican treaty as a tempting precedent, other agencies free from judicial and Congressional control, and operating in many other fields, may find their way into our system of government. There would be no limit to the possibility of the extension of the idea.

"It behooves all citizens interested in the preservation of American institutions, and the checks, balances and controls that have characterized the devolpment of our form of government, particularly the right of judicial review, to scrutinize the pending treaty and to do all that may properly be done to defeat its ratification."

Newport News Shipbuilding and Dry Dock Company

Statement of Recorded Cost of Work Performed During the Thirteen Weeks and the Twenty-six Weeks Ended June 26, 1944 and June 28, 1943

(Subject to year-end audit, charges and adjustments)

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	June 26, 1944	June 28, 1943	June 26, 1944	June 28, 1943
New Ship Construction	$31,133,000	$34,258,000	$61,134,000	$66,991,000
Ship Repairs and Conversions	1,530,000	1,019,000	2,681,000	1,370,000
Hydraulic Turbines and Accessories and Other Work	2,194,000	1,719,000	4,519,000	2,396,000
Totals	$34,857,000	$36,996,000	$68,334,000	$70,757,000

By Order of the Board of Directors

R. I. FLETCHER
Comptroller

August 23, 1944

European War Over By Oct. 1, Woodrum Says

Washington advices of the Associated Press reported on Aug. 25 that Representative Woodrum of Virginia, Chairman of the House Post-War Military Committee, asserted that the Army looks forward to Oct. 1 to be the date of the end of the war against Germany. Mr. Woodrum made this statement at a meeting at which Rear Admiral James H. Irish said that the Navy expects to be fighting in the Pacific to at least the end of 1945. Admiral Irish was also quoted as saying:

"The successful prosecution of the Navy's war in the Pacific is being handicapped by the failure to obtain necessary ships, such as troop carriers, refrigerating ships, and other important parts of the shipbuilding program."

When at a White House news conference a reporter asked President Roosevelt if he had any ideas about the collapse of Germany, the President refused to give any of his ideas on the termination of the war against Germany, and said most other predictions about the end of the war against Japan after Germany falls is pure speculation.

New Commodity Trade Group Organized

The National Association of Commodity Exchanges and Allied Trades Inc. announced on Aug. 23 that it had been organized "to develop, improve and extend commodity futures trading in the interest of producers and consumers, and for the welfare of the American people."

We learn from Associated Press Chicago advices that at the same meeting Maurice Mandeville was elected President and J. A. Higgins, Jr., Executive Vice-President. Mr. Mandeville is President of the Chicago Mercantile Exchange and Mr. Higgins a member of the Board of Managers in the New York Coffee and Sugar Exchange. Organizations connected with commodity futures such as Chambers of Commerce, exchanges, and other persons or organizations representing allied trades, are eligible for membership in this association.

Other officers named included Walter R. Scott, Secretary of the Kansas City Board of Trade, First Vice-President; Ody H. Lamborn, President of the New York Coffee and Sugar Exchange, Second Vice-President, and S. J. Meyers, Vice-President of Arcady Farms Milling Co., Chicago, Secretary-Treasurer.

Iceland's First Pres. Visits Washington

Sveinn Bjornsson, first President of the Republic of Iceland, and his Foreign Minister, Vilhjalmur Thor, arrived in Washington on Aug. 24. He was honored at a dinner in the White House and spent the night as guest of the President. Although the Associated Press report at that time gave no hint of any diplomatic talks, at a press conference on Aug. 27, Foreign Minister Thor was quoted as saying:

"The Republic of Iceland intended to govern itself without any foreign interference, and that he was sure that American troops would be withdrawn after the war."

The President of the newly-formed republic added:

"In the agreement the United States pledged that immediately upon the termination of the present international emergency all such military and naval forces will be at once withdrawn, leaving the people of Iceland and their Government in full sovereign control of their own territory.

"I have never had any doubt on this point. We know that the agreement will be carried out to the letter.

"We therefore regret any such implications claiming the necessity for the United States to acquire peacetime military bases in Iceland.

"I am glad that I can state that no such request has been presented to the Icelandic Government, and I am of the firm belief that the U. S. Government has no military designs upon foreign countries and no wish for territorial expansion."

These ideas are contrary to those of some diplomats in the United States who believe that this country should have bases throughout the world to halt any further aggression by ambitious military powers.

Bright Possibilities

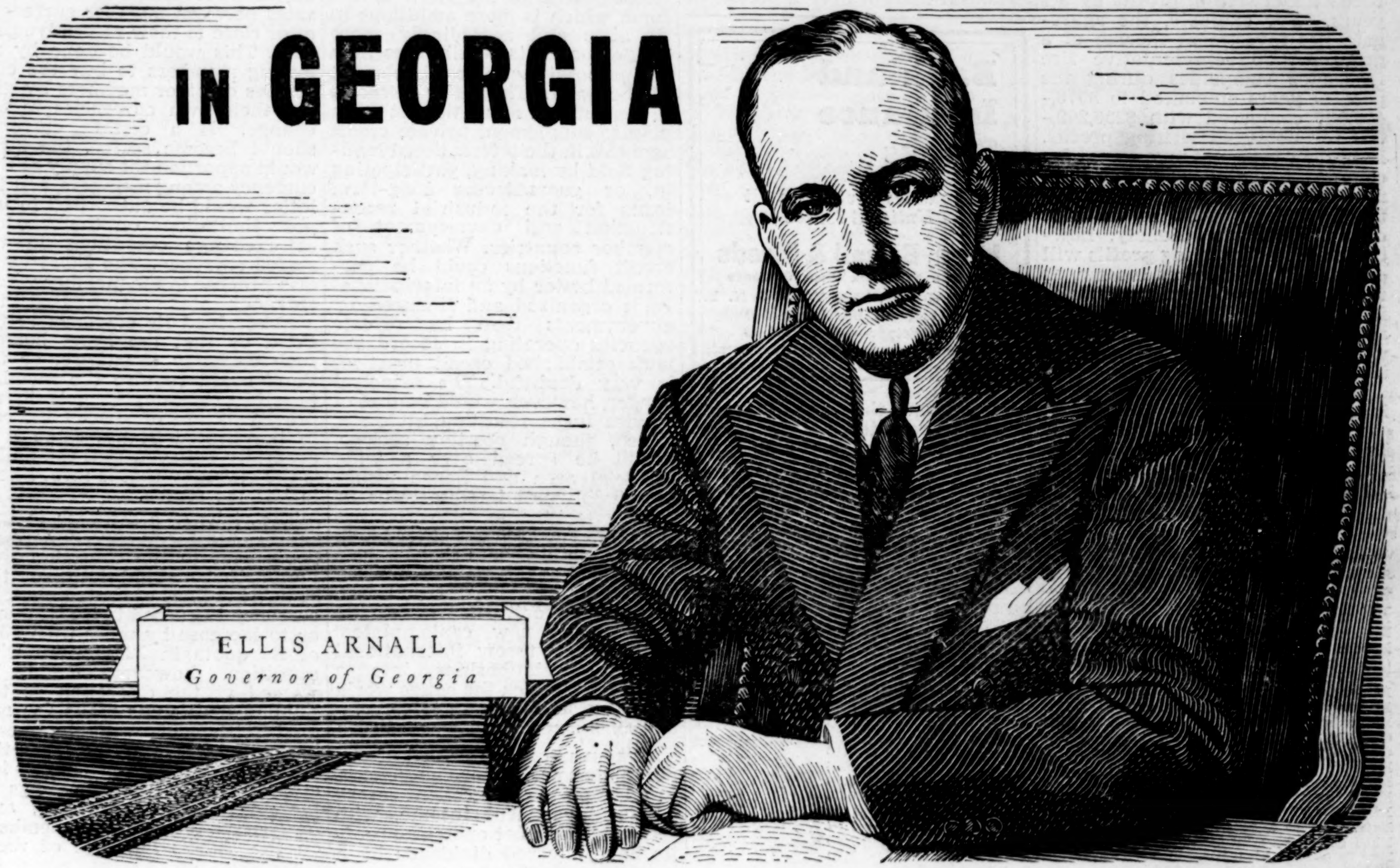
Giant Portland Cement is a low-priced stock in an industry with a bright future and offers interesting possibilities, according to a circular prepared by Lerner & Co., 10 Post Office Square, Boston, Mass. Copies of this circular may be had from Lerner & Co. upon request and also a circular on Riverside Cement class A which the firm believes is an outstanding cement stock with a dividend arrearage.

"It has been charged that I am a friend of big business. I admit it. I am also a friend of moderate business and little business. I want to make it possible for my boy or your boy to own his own business . . ."

"There will not be a single tax increase so long as I am in the Governor's office."

From public statements made by Governor Ellis Arnall of Georgia

GOOD GOVERNMENT IS GOOD BUSINESS IN GEORGIA



ELLIS ARNALL
Governor of Georgia

UNDER the able and broad-visioned leadership of Governor Ellis Arnall, Georgia has become one of the best governed states in the nation. Good business principles are being applied to government. Finances are in a sound condition. There has been no increase in taxes. Enlightened educational reforms have been effected. Far-sighted programs for the development of the state's huge industrial and agricultural resources are under way.

The people of Georgia and their government believe in and cooperate with business enterprise.

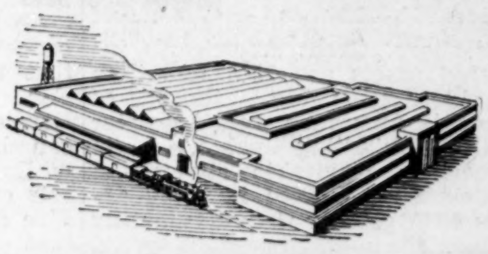
Like her people, Georgia's climate is pleasant the year 'round—contributing to lower production costs and to better standards of living at lower costs for housing, fuel and clothing.

Plant the future in Georgia where there is a plentiful supply of raw materials, abundant soft water, native-born, friendly, intelligent workers, splendid rail, highway and port facilities, ample and dependable electric power at rates among the lowest in the nation.

Our staff of competent engineers has been at work for the past two years surveying and compiling accurate industrial data on the best locations in Georgia for specific industries. We either have the facts or will get them for you—in confidence—without obligation.

Write Industrial Development Division, **GEORGIA POWER COMPANY,** Atlanta, Georgia

Ideal industrial sites are available in many small, friendly Georgia towns where no large industries are located. Here you will find *intelligent, willing, American-born, English-speaking workers.* These friendly people, together with the great post-war pool of highly trained, skilled war workers, are among Georgia's greatest industrial assets.



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Bank and Insurance Stocks

This Week—Insurance Stocks

By E. A. VAN DEUSEN

Most investors in fire insurance stocks are aware of the fact that investment income is of far greater importance to fire insurance companies than are underwriting profits. In the first place, investment income is relatively steady, while underwriting profits are characteristically erratic; in the second place, investment income exceeds underwriting profits by a substantial margin over a period of years. For example, the aggregate net investment income of a group of 30 representative fire insurance companies during the past 17 years amounted to $676,490,000 compared with $256,209,000 for net underwriting profits. In other words, net investment income represented 72.5% of total net operating profits, while net underwriting profits represented only 27.5%. Occasionaly, however, net underwriting profits will exceed net investment income, as in 1935 when total net underwriting profits for the 30 companies aggregated $35,563,000 compared with $32,288,000 of net investment income.

In view of the importance of investment income it is of interest, therefore, when buying fire insurance stocks, to take a look at the invested assets of a company per share of capital stock, and for this reason the accompanying table is presented. It is also of interest to compare invested assets per share with liquidating value per share.

Bank and Insurance Stocks

Inquiries invited in all Unlisted Issues

Laird, Bissell & Meeds
Members New York Stock Exchange
120 BROADWAY, NEW YORK 5, N. Y.
Telephone: BArclay 7-3500
Bell Teletype—NY 1-1248-49
(L. A. Gibbs, Manager Trading Department)

	—12-31-43—			—Market 8-24-44—	
Company—	Liq. Value Per Share	Invested Assets Per Share	Asked Price	Liq. Value per $ of Market	Invested Assets per $ of Market
Aetna Insurance	$58.53	$76.56	53¼	$1.10	$1.44
Agricultural Ins.	89.45	118.35	79	1.13	1.50
Am. Alliance Ins.	26.71	32.01	23¾	1.12	1.35
Am. Equitable Assur.	31.89	46.33	19⅜	1.65	2.39
Bankers & Shippers Ins.	119.22	160.68	84½	1.41	1.90
Boston Insurance	682.98	848.73	610	1.12	1.39
Continental Insurance	47.81	55.76	47½	1.01	1.17
Fid.-Phen. Fire Ins.	50.80	60.02	49	1.04	1.22
Fire Association	87.06	117.68	66	1.32	1.78
Fireman's Fund Ins.	84.76	114.78	94	0.90	1.22
Franklin Fire	24.47	34.00	26⅜	0.93	1.29
Glens Falls Ins.	41.53	48.13	45	0.92	1.07
Great American Ins.	34.12	30.44	29⅝	1.15	1.03
Hanover Fire Insurance	33.35	46.01	29¼	1.14	1.57
Hartford Fire Insurance	90.16	102.86	100¼	0.90	1.03
Home Insurance	28.73	34.70	30⅛	0.95	1.15
Ins. Co. of North Amer.	83.70	101.79	87¼	0.96	1.17
National Fire Insurance	83.17	100.82	60½	1.37	1.67
Nat'l Union Fire Ins.	243.76	349.38	174	1.40	2.01
New Brunswick Fire Ins.	36.37	50.42	30¼	1.20	1.67
New Hampshire Fire Ins.	50.01	60.49	47¾	1.05	1.27
Northern Insurance	114.47	138.14	92	1.24	1.50
North River Insurance	24.17	27.21	24⅞	0.97	1.09
Pacific Fire Insurance	148.03	196.08	103½	1.43	1.89
Phoenix Insurance	99.39	104.87	86¾	1.15	1.21
Prov. Washington Ins.	40.91	49.77	36⅛	1.13	1.38
St. Paul F. & M.	57.71	64.78	74¾	0.77	0.87
Security Insurance	45.18	59.49	36⅝	1.23	1.62
Springfield F. & M.	137.94	174.87	124	1.11	1.41
United States Fire Ins.	58.81	64.46	51	1.15	1.26
Average				$1.13	$1.42

It will be noted that in all cases, except that of Great American, invested assets per share are greater than liquidating value per share. Great American's invested assets are 10% less than liquidating value, those of Phoenix Insurance are 6% greater than liquidating value, while American Equitable shows the widest spread with invested assets 45% greater than liquidating value. The average percent spread for the 30 companies is 24%.

Based on the market asked prices of these 30 stocks as of August 24th, one dollar will purchase $1.13 of liquidating value and $1.42 of invested assets. Since the investment expense of fire insurance companies averages approximately 9% of investment income, it would appear, therefore, that the average dollar invested to-day in fire insurance stocks will provide the investor with the equivalent of approximately $1.30 of invested assets after management expense, based on asset values on December 31, 1943, which were some 7% or 8% below probable current values.

So far as individual stocks are concerned, it will be observed that there are wide differences. For example, with American Equitable $2.39 of invested assets can be bought for one dollar, while only $0.87 of invested assets can be bought with St. Paul Fire & Marine. Does this signify that American Equitable is a more desirable investment than St. Paul? Not necessarily, in fact the reverse may be true, depending on what degree of conservatism or speculation the investor requires. American Equitable, although showing a fair record of net investment income over the years, has a very spotty underwriting record, registering underwriting losses in five years out of the past six, with the result that total net operating profits failed to cover dividends in 1943, 1941 and 1939. St. Paul Fire & Marine, on the other hand, shows an unbroken record of underwriting profits for many years, in addition to an excellent record of net investment income, with the result that net operating profits have covered dividends by a handsome margin for a long period of time; furthermore, it has paid dividends without interruption for 72 years, compared with only 11 years for American Equitable. Currently, the dividend yield of St. Paul is under 3%, while that of American Equitable is slightly above 5%. St. Paul is a conservative investment, while American Equitable must be classed as speculative.

It would be possible and interesting to present other comparisons in addition to this one made between the two extremes on the list, but space does not permit. Generally speaking, the market recognizes the relative degrees of risk between different stocks and appraises them accordingly. It will be observed for example, that the market gives a relatively high appraisal to some of the choice old-line stocks, such as: Continental, Fidelity-Phenix, Fireman's Fund, Franklin, Glens Falls, Great American, Hartford, Home, Insurance of N. America, etc., but a relatively low appraisal to others, such as: American Equitable, Bankers & Shippers, Fire Association, Hanover, National, National Union, New Brunswick, Pacific Fire, etc. The first group is appraised at an average of $0.87 per $1.00 of invested assets, and the second group at $0.54 per $1.00 of invested assets.

Guaranty Trust Co. Predicts Monetary Fund Program Failure

In Its Monthly Survey It Criticizes Absence Of Control By Management Over Internal Monetary Policies

In the Aug. 29 issue of "The Guaranty Survey," published by the Guaranty Trust Company of New York, the International Monetary Fund proposed by the Bretton Woods Conference is assailed as "an attempt to enforce exchange stability without striking at the causes of instability," and the prediction is made that if the project is established and then fails, it "could easily throw international currency relationships into chaos from which the entire world might suffer for years to come."

Public comment on the articles of agreement for the International Monetary Fund and the International Bank for Reconstruction and Development, as drawn up at the Bretton Woods conference last month," comments the "Survey", shows a marked lack of confidence in the prospect of successful administration of international financial affairs on any such basis. This is more noticeably true of the plan for the fund, which is more ambitious in its aims and accordingly more dangerous in its possibilities than the proposal for the establishment of the bank. The latter purports to be nothing more than it is—a plan to supplement private credit agencies in the international lending field by making, participating in, or guaranteeing long-term loans for the industrial reconstruction and development of member countries. Whether such credit functions could be performed better by an international bank organized and financed by governments than by private agencies operating in accordance with established credit practices is very doubtful. The principal danger, however, would be that of unwise loans resulting in losses, which, though possibly serious, would be spread over a wide financial area and hence would presumably not be disastrous in their effects. The plan for the monetary fund, on the other hand, aims at nothing less than world-wide exchange stabilization, a project which, if it should fail, as we believe it must under the program as now contemplated, could easily throw international currency relationships into a chaos from which the entire world might suffer for years to come.

Main Features of the Program

The articles agreed upon at Bretton Woods are considerably more detailed than the "Joint Statement by Experts" made public in April, but do not differ from the earlier outline in any essential respect. They provide for a fund of $8.8 billion, of which the United States would contribute $2.75 billion, the United Kingdom $1.3 billion, the Soviet Union $1.2 billion and other countries much smaller amounts. The fund would be used to keep the exchange rates between member currencies at or close to their respective parities. This would be done by allowing members to buy the currencies of other members by giving their own currencies in exchange. If a certain currency should become scarce, the Fund would apportion the supply of that currency among members, and the latter would be authorized to impose limitations on the freedom of exchange operations in the scarce currency. The Fund could also propose to the member whose currency was scarce that the member lend its currency to the Fund or that the Fund borrow such currency elsewhere; or the Fund could require the member to sell its currency for gold. These provisions are of special interest to the United States, since it is generally believed that the dollar is the currency that is most likely to become scarce.

The right of a member to buy another member's currency would be subject to the condition that the purchase would not cause the Fund's holdings of the purchaser's currency to exceed twice its quota or to increase by more than 25% of its quota in 12 months. This condition, however, could be waived at the discretion of the Fund. Provision is made for annual settlements whereby members would repurchase from the Fund specified portions of any increases in the Fund's holdings of their respective currencies, and for charges to be paid by members on the Fund's holdings of their currencies in excess of their quotas.

Any member could change the par value of its currency by as much as 10% without the approval of the Fund. A second proposed 10% change would be subject to the Fund's approval; but the member could impose a time limit of 72 hours on the Fund for a declaration of its attitude. Still further proposed changes in parities would not be subject to this time limit. The Fund would be obliged to concur in any proposed change if satisfied that the change was necessary to correct a "fundamental disequilibrium;" and it could not object to a proposed change because of the member's domestic social or political policies, even though such policies were responsible for the disequilibrium.

The Outstanding Weakness Of the Plan

Most of the criticism that has been brought against the agreement is based on the view that it represents an attempt to enforce exchange stability without striking at the causes of instability. More specifically, the management of the Fund would be expected to hold the exchange values of members' currencies at or close to parity but would have no control over the internal policies affecting the true values of those currencies. Only when nations balance their budgets, hold their tariffs at moderate levels, follow sound monetary and credit practices at home, and otherwise keep their financial houses in order can the exchange values of their currencies be permanently maintained. When such policies are followed, no international fund is required to keep exchange rates at parity. When they are not followed, any attempt to enforce an arbitrary and unreal stability is not only futile but dangerous.

The quickest and most effective way to bring about exchange stability in the post-war period would be for the principal commercial nations to replace their currencies on the gold standard at the earliest possible moment. Some of the smaller nations could immediately take similar action. Others could "tie" their currencies to the gold-standard currencies until they had had time to build up their gold reserves. The process would require measures of financial reform in almost all countries, including the United States. But the need for such reform cannot be escaped by the creation of elaborate international mechanisms.

Royal Bank of Scotland
Incorporated by Royal Charter 1727

HEAD OFFICE—Edinburgh
Branches throughout Scotland

LONDON OFFICES:
3 Bishopsgate, E. C. 2
8 West Smithfield, E. C. 1
49 Charing Cross, S. W. 1
Burlington Gardens, W. 1
64 New Bond Street, W. 1

TOTAL ASSETS
£115,681,681

Associated Banks:
Williams Deacon's Bank, Ltd.
Glyn Mills & Co.

NATIONAL BANK of INDIA, LIMITED
Bankers to the Government in Kenya Colony and Uganda
Head Office: 26, Bishopsgate, London, E. C.
Branches in India, Burma, Ceylon, Kenya Colony and Aden and Zanzibar
Subscribed Capital____£4,000,000
Paid-Up Capital______£2,000,000
Reserve Fund_________£2,200,000
The Bank conducts every description of banking and exchange business
Trusteeships and Executorships also undertaken

Profit Possibilities

Debentures of Associated Gas & Electric Corporation and Associated Gas & Electric Company hold interesting profit possibilities in view of various developments offered by the Reorganization Plan submitted by the Trustees and approved by the Securities and Exchange Commission, according to a study of the situation prepared by Newburger & Hano, 1419 Walnut St., Philadelphia, Pa., members of the New York and Philadelphia Stock Exchanges. Copies of this study may be had from Newburger & Hano on request.

New York Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following firm changes:

Alexander M. Main retires from partnership in Frazier Jelke & Co., New York City, effective today.

John R. Meaney retires from partnership in Miller & Dodge, New York City, as of today.

C. N. Edge & Co. dissolves as of today.

Bureaucracy Vs. Free Enterprise

(Continued from first page)

remarks to attest to my great and very sincere admiration of people who create finances that I couldn't believe existed. Even after being in Alaska and seeing some of the gold diggings up there I still wonder whether there is that much to be dug up anywhere, and I know it is you fellows that will be the fellows who will dig up the support of the economic structure in the future.

I have some recognition of your problems. Perhaps some of the bills that I have offered in Congress, and which are now under active consideration, are indicative of some of my thinking on securities and investments. I do have some inkling of your problem. Perhaps if I don't say anything else this evening, I can illustrate that to you in a brief story of what I think is your problem.

I want to say to you, though, that your problem is no different from my problem, speaking in terms of individual Americans in separate and different occupations in the many walks of life; that your problem is no different from the problem of the men that you meet on the streets throughout America; that your problem is the problem of all America today if you are an American that believes in the American way of life, and if you think that the old Constitution written a hundred and fifty years ago was written with wisdom and chartered the correct path for a course of government.

There was said to be a little boy with his father fishing in a stream near Washington called the Potomac River. They saw a log coming down the stream, and with a pair of field glasses they detected that it was a log, that it was coming right down midstream and eventually the young lad, looking at it closely, said he saw something on top of that log.

The father examined it and said, "Why, yes, it's a dead limb sticking up on top of it."

A little later the boy said, "I see some activity on that log. Evidently there's life, there's movement there."

The father took the glasses and looked very closely and said, "Yes, those are ants, thousands of ants, hundreds of thousands of ants. That log is alive with ants."

The boy looked the thing over and said, "Well, they all seem very busy, they act like they have a specific job to do."

The dad said, "Yes, every ant on that log thinks he is guiding and directing it."

Now, the problem of all of us amounts to this: In all the bureaus of government we have gotten to the point that there are over 5 million ants on that log that we're all tied to, and every one of them thinks that he is guiding the log and steering its course. Everyone of them is trying to do it according to his own viewpoint of where it is supposed to go.

I am not going to discuss with you H. R. 1502. The purpose of that measure, I am sure, you all not only are fully aware of, but are in accord with. I may say that it is not an attempt to change the law according to my view. It is an attempt to clarify the law so that even a Harvard lawyer will understand.

I think you know the status of the bill, and that though it has taken time, I am confident of its passage. Changes that of necessity must come, not only in the securities and exchange legislation that is on the statute books, but the changes that must come in the administration of that legislation so that there can be no question as to whether or not the letter of the law and intent of Congress is the limiting factor on administrative jurisdiction.

I know that you realize there is work to be done ahead on all of these bills that accomplish those general objectives, and I know that you are fully advised as to the status of the various bills in which you are interested at the present time, especially H. R. 1502. I think we will get it up in September, and will have no great difficulty. I think that we will pass it. Whether or not we get it up in September or the first or the last, or in October or just when, of course depends upon the general situation in Congress. Even though it takes us a little longer to get it up and out, I do feel truly confident that that bill will become a law before the end of this term of Congress.

I want to express my very sincere and heartfelt appreciation to you as an industry for the splendid work that you have done in bringing about this situation.

The Congress likes all the information you men informed in the investment business can give them. Most of you have been thorough, I know, because men have come to me looking into the subject. I know that you have been effective at home, with acquainting your Congressmen as to what the facts really are and what the need is to work the thing out.

I want to compliment you as an organization for your very effective work in that direction, and I think that in doing this thing you will not only be doing something that will help you municipal dealers, but it is highly important as a testing ground for legislation that affects the corporate investment business and all phases of the national economic life of America.

I am not interested in it myself in any personal way, in the sense of affecting me as an individual. As I say, I don't want to go into a detailed discussion of those things. I simply pass off that much of a remark about the legislation pending.

Today the burden on the financial institutions of the world and especially this nation is of magnitude beyond the probable comprehension of any of us. The problems of financial readjustment and economic advancement that must come in the world of tomorrow are such as to tax all the world's wisdom, and try the courage of all of us in America and especially the financial world.

Today the United States is spending solely on our war effort 92 billion dollars a year, or near 300 million dollars a day. The ticker tape of this war cost hits off 200 thousand dollars every single moment through every ceaseless, sleepless hour of every night and day.

It has been men like you in the securities industry who have achieved this almost unbelievable result of organizing the structure and accumulating the financial backing necessary to answer with payments each call on the ticker tape of cost.

I salute you for the job that you have done today in this grave hour and in this nation's war effort.

I have just returned from Alaska. Looking up from the Diamede Island, out in the Bering Sea, you know you're standing in the same spot and in a single moment can look at two hours, two days and two continents. And as you look into the sky each half-hour one can see a wave of planes, like a flock of geese, going over from Nome, Alaska, to Russian Siberia.

Behind each plane is a great industrial organization, buttressed, and dependent on sound financing. It takes one ton of gasoline per hour to keep a Flying Fortress in the air, and if you translate that gasoline into the dollars it represents you can visualize the work of the financial organization of America to maintain a financial structure that won't break down.

More supplies were shipped to North Africa alone, in that one particular phase of our war effort, than to all of Europe by this nation in the entire course of the last war. American dollars have been the working material out of which has been made the thousands of planes and tanks and ships and millions of guns and bombs and shells.

To produce those dollars in the form of working capital has been the magnificent accomplishment of the securities business of this nation. The financial job of today is being done adequately and in grand style. The financial job of tomorrow will be similar in magnitude and even more difficult of achievement. Tomorrow's job, the job of post-war finance, is to provide the means of conversion, to give birth to new business, big business and little business.

Our problem will be visualized in a ready look at what handicaps and impediments there are in the way of such a course; sound public finance has no stronger leg to stand on than local municipalities. Free enterprise in my judgment is the inseparable Siamese twin of free and unrestrained and independent, unregimented finance.

The removal of all restraining handicapping regulations are musts for our economic survival on the basis of a free economy.

You can't legislate money. You can't legislate or regulate a financial prosperity. If you could make money by simply printing a piece of paper that says that this paper is money; if you could create a sound finance on that basis—well. let's see if you could.

Suppose you saw a piece of paper that said, "I, Julius Caesar," in Congress assembled, if you please, declare this paper to be money. What value would it have? Suppose you saw a piece of gold from the Caesarian era. One thing that American government must learn is that you cannot create money by order nor legislate a sound economy. If the American dollar is not to turn to ashes in the pocket of the widow and the orphan; if the United States Government bond is not to become a worthless promise in the hands of old age, then the shackles of useless regulations must be removed. The impediment of worthless red tape must be cleared from our path, and the twisting cords of strangulation in the form of arbitrary, willful and whimsical bureaucrats must be set aside.

Our task today has been a challenge and it has been well met. Our task tomorrow is evident, and is soluble to the hand of American ingenuity unhampered and unrestrained.

Now we look down the financial road of tomorrow and know what we have to do. You men in the investment business can take any locality in the nation and can decide within reasonable estimate the amount of money that must be raised to reconvert industry there, to stimulate new business.

All of that path is clear; but can you today go to any man who has 100 thousand dollars and get him interested to use it as capital in a new enterprise that might be as productive as the origin of the airplane, or before that the origin of the railroads, or any other enterprise that has been the backbone of an economic development all over the world? Will he venture his capital?

You know, there was a preacher down in Oklahoma. He was a Baptist preacher. He got along fine for a little while and then strife broke out in the congregation and pretty soon the church was all split up and they moved him to another congregation. Then the same thing would happen again, and they'd move him again, and it happened again. Finally they wouldn't assign him a pastorate.

But he moved out to the outskirts and built a church of his own. He got along fine. There was no strife in the congregation, and the congregation grew and

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Canadian Securities

By BRUCE WILLIAMS

Doubts have been recently expressed as to Canada's ability to hold her wartime economic gains, especially in the industrial field. This pessimistic outlook, however, does not seem to be supported by the facts of the case.

The tremendous industrial development which has taken place during the war, has actually served to fill a gap in the Dominion economy. Canada's post-war industrial problem, therefore, cannot be compared with that of the older industrial countries.

The Canadian war factories are new and have adopted the best of modern methods. Also, whereas the older countries are drawing on depleted sources of raw material supplies, Canada has barely scratched the surface of her vast natural sources.

Not only are the Dominion's factories new, but the industries in which Canada is best fitted to specialize are also comparatively new. And modern enterprises covering developments in electronics and aviation and in the use of light metals and plastics will play a large part in the post-war era.

Another popular misconception is that owing to the severity of the Canadian climate, only a narrow belt along our northern border is suitable for human habitation. Nothing is further from the truth. Since wartime exigencies and mineral discoveries have led to greater penetration of the Canadian Northland, it has been found that normal activity can be carried on all the year round in the furthermost reaches of the Arctic. Russian experience in Siberia also confirms that climatic rigors are not an insuperable barrier to the northward push of civilization.

Thus in the post-war period Canada's great Northern empire especially in the Northwest will offer an irresistible challenge to her demobilized youth and help to solve the Dominion's unemployment problem. Furthermore, just as the success of the Canadian wartime governmental controls has been unmatched elsewhere, the present intensive official preparations for the post-war period appear to head towards the preservation of this enviable record.

Among current development the New Brunswick election results were the principal item of interest. Once more, as previously mentioned, the pattern that has been followed in other recent provincial elections again was in evidence. The best organized party provincially has consistently gained the day and the clear fact emergess that, where the Canadian electorate has an alternative choice, it ignores the party that according to casual observers in this country and the financial community in Canada was on the eve of sweeping the Dominion—the C. C. F.

In this most recent case the Liberals gained 36 seats, the Progressive Conservatives 12, and although the C. C. F. placed 41 candidates in the field, not one was elected.

Another notable event of the past week was the news that the Steep Rock Iron Mines in Northwestern Ontario have commenced production. It is estimated that 300,000 to 500,000 tons will be produced during the balance of this year, 1,000,000 tons next year, and thereafter 2,000,000 tons annually. Thus to her already vast treasure house of exportable metals and minerals, Canada aids the invaluable basic metal iron.

With regard to the market for the past week, there is again little to record. As previously stated, the technical structure has strengthened considerably. Heavy

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Price Control During The Period That Lies Ahead

(Continued from first page)

It is important that we face up to these problems, that we see them clearly and think straight in preparing to solve them. What we are planning for is our economic future, no less. This goes for the whole broad task we face in reconverting from an economy of war to one of peace and it certainly goes for the problems that arise in the particular field of price control during the period that lies ahead.

Let me say at the outset that I am confident of the outcome. The problems of reconversion will be tough, but the problems of wartime have been tough, too, and we have licked those. The record that has been rung up is evidence that as a people we have what it takes to manage our economic affairs in time of stress.

That record stands up extraordinarily well. Consider that since spring 1942, when price control authorized by the Price Control Act went into general effect, industrial prices have risen by less than 3% and the cost of living by about 9%. These are index numbers, general averages, but they summarize the movements of literally millions of prices. Many, many prices have been held to even lesser rises than these.

Prices of steel plates, for example, which at their peak in the last war rose to 7 times their prewar level, have been firmly held this time right where they were in 1941. And in the cost of living, average rents have been stabilized now for 25 months with scarcely a flicker in the index.

That record of price stability has been rung up by the American people during a period of unbelievably intense economic pressure. In my opinion it fully deserves to rank with the remarkable production achievement of the home front. Indeed I think the two are closely related. As I see it, there are four basic reasons for this record, four reasons why we have been so successful in restraining prices.

In the first place, there is the miracle of production. However great the demands which were placed upon our productive machine, those demands were met and exceeded. We have filled the vast needs of war. We have met the needs of the civilian economy too. Abundant supplies have had a good deal to do with keeping prices down. On the other hand, let me add, stability of prices and costs has had a good deal to do with the production records. During the last war businessmen could never tell how they were going to come out in the race between prices and costs. That is, I think, a major reason why in the last war production increased only 25%, while in this war it has more than doubled.

Second, the country has responded to the call for wartime saving. In spite of the vast increase in production, there have been billions upon billions of dollars of excess purchasing power. These billions, which could have put prices through the roof, have gone instead into war bonds, repayment of debts, insurance. The people of this country have saved nearly 100 billion dollars since Pearl Harbor. This too has had a good deal to do with our success in stabilizing prices.

Third, people have recognized as necessary and fair the wartime controls that have been imposed. Because they have recognized these controls as fair and necessary they have stayed out of black markets, they have put up with shortages. They have played the game according to the wartime rules. That has been no small factor in our success.

Fourth, we have had a national stabilization program developed under authority of the Price Control and Stabilization Acts. I think it fair to give the stabilization agencies, including my own, credit for controls that have stuck pretty close to plain common sense solutions of some extremely complex and vital problems.

The job that we in OPA have done could have been a better job. No one will quarrel with that. But bear in mind two things. It has been a perfectly tremendous job and it had to be done from scratch. We have had to set literally millions of prices. We have had to establish rents for 14½ million dwelling units. And for a period of a year, we were having to ration one commodity after another, and each one before we licked the problem of rationing the last. And except for the experience gained in England and Canada, no one in America knew the first thing about any of these jobs. It was a question of taking on a job, doing what seemed to make sense, and then making changes where experience showed they were needed.

What is more, this record has been achieved without damage to any economic group. Corporation profits in 1943, even after payment of high wartime taxes, exceeded net profits in the peak year 1929 and were more than double net profits of 1939. Farm operators' net income was up 170% from 1939 and running 3½ billion more than in the peak year 1919. Industrial wages show the same thing—all time highs in industry after industry. All things considered, I'm willing to rest on the record as it stands. It think it's a pretty good one. And it provides a favorable omen of success in the period ahead.

I don't think we should forget that we faced this reconversion problem once before and that that time we bungled it, bungled it badly. In November 1918, when the Armistice was signed, such price controls as existed were pulled off almost immediately. The economy was left to find its own way back to normal. For a few months prices and wages did remain stable, even declined slightly. But by spring of 1919 they were surging upward once more. As a result, almost half of the total inflation of the last war occurred after the Armistice. For a year and a half we had a mad speculative spree. In the middle of 1920 we began to pay the piper. The bubble burst and a savage deflation set in which carried prices and wages downward even more rapidly than they had risen. Wholesale prices fell 40%. Unemployment shot up by nearly 6 million, payrolls shrank 44% and the average weekly earnings of workers who kept their jobs were cut by one quarter.

Corporate profits tumbled from 6½ billion in 1919 to a loss of 55 million in 1921. Inventory losses totaled 11 billions and wiped out practically all the reserves accumulated out of wartime profits. Business failures in the next five years totaled 106,000, 40% more than in the five years 1910-14.

The farmers too took a beating. Farm prices fell 61% and taking into account inventory losses, net farm income tumbled from nearly 9 billion to less than 3 billion. In the next five years 453,000 farms were lost through foreclosures.

That's the story of reconversion after the last war. Everybody had moved up together and everybody came down together. We went up fast; we came down hard. It's a story that provides a perfect lesson on how **not** to handle the problems of reconversion. It's a story which we are determined shall not be repeated this time.

Let me say right here that I came to Washington to do a wartime job. Price control, in my opinion, is a wartime measure and has no place in an economy of peace. But we dare not make the mistake again of supposing that the economic impact of war ends when the shooting stops. The time will come when the OPA regulations can be torn up. But we mustn't tear them up for confetti the minute the whistles and sirens start to blow and we all get into the streets to celebrate the German collapse.

Now in saying this I'm not saying anything new. Most people remember what happened after the last war. Most people recognize that we can't pull out of a war economy overnight. We all know what happens when a small boy pulls a tightly wound mainspring out of a clock. But we need to keep reminding ourselves of these hard facts. A page of history, someone once said, is worth a 5-foot shelf of logic.

We are determined to avoid a repetition of what happened last time. But in tackling the problem let us recognize that the job this time is far bigger and more difficult than the one we faced at the close of the last war, the one that licked us. Just consider — last time, with all our straining, we increased industrial production by only 25% and farm production by only 5%.

In this war we have more than doubled industrial production, bringing it up 120%, and farm production has expanded 21%, or 4 times as much as in the last war. Last time at the peak of the war effort we devoted only a quarter of our total production to war. In this war we have reached a level of nearly one-half of a vastly greater output. In the last war hardly a single industry was fully converted to war production. In this war all our heavy industries have been converted.

There can be no question—the job this time is bigger and more difficult. But we come to the job of reconversion this time with a far better record of price and wage control during the actual fighting, with a price and wage structure that is sound and balanced. What is more, in making that record we have acquired a know-how we didn't have last time. And most important of all, we come to the problem with our eyes open. We know the dangers that lie ahead. Last time we didn't.

Let me stop a moment here and spell out what I mean by this know-how that we have acquired. We have issued I don't know how many regulations and amendments to regulations by now—the regulations themselves run to over 500, the amendments run into the thousands. In working out these regulations and in amending them, each one geared increasingly to the individual requirements of the industries affected, we have learned a lot about our price system and the way it works. And we have learned too the kind of pricing technique that is best suited to each industry and trade. We know now those in which it is best to stay with a "freeze" of prices as of some base date. We know those industries in which "formula pricing" is appropriate. By that I mean setting prices on the basis of costs plus a margin. And we know what industries operate best with a flat dollar-and-cents type of price ceiling. I think it is going to make a great difference, in the reconversion period, that we have this hard-earned knowledge of the many industries that go to make up our economy and of the types of price control that can most effectively be used in each one.

In issuing these regulations we have been under legal obligation to establish prices which are generally fair and equitable. This we have done and at the same time we have also given full effect to the requirement of the statute that we facilitate the expansion of essential production. As the record amply demonstrates, we know how to establish prices which stimulate production and which at the same time are fair to both buyer and seller. This too is going to stand us in good stead in the months ahead.

While the standards under which we have operated are pretty well known, let me summarize them for you here very briefly. We have taken the position that a price is generally fair and equitable if it enables an industry to earn profits equal to or greater than those it earned in peacetime. For this purpose we have taken the years 1936-39 as our principal benchmark.

Now this does not mean that any earnings above the 1936-39 level are taken to be excessive. Quite the reverse—we feel that earnings need to be above that level if they are to be fair, and we undertake to raise prices whenever earnings fall below it. Most industries, as you know, are earning well above that. All corporations taken together had earnings in 1943 totaling before taxes nearly six times peacetime levels and, after taxes, nearly three times those levels.

Now a price which is fair for an industry may still entail hardship for an individual firm. As we all know there has always been in every industry a group of producers who have operated in the red. This has always been true in peacetime, when prices have been established by the free play of market forces, though I think it is worth remembering that as a matter of fact there have been fewer cases of individual hardship under price control than there were even in our most prosperous peacetime years.

In dealing with the question of individual hardship, we have made a number of simple and I think common-sense decisions. First of all, we decided that we couldn't set the price for an entire industry at a level high enough to cover the costs of the least efficient producer. This is essentially what was done in the last war and it didn't work. It pushed up prices and costs all along the line and in due course put the marginal high-cost producer right back where he started —in the red. We decided, rather, to take care of individual hardship cases through individual price adjustments. This has been fair to the individual producer, while it has saved the Government and consumers billions of dollars.

Secondly, in dealing with the problem of individual hardship we have made two simple distinctions. Where a product was needed in the war effort, or where it was essential to civilians—where, in other words, we needed every ounce of output we could get—we provided individual adjustments even in cases of extreme inefficiency. On the other hand, where the item was not essential, either to the war program or to civilian life, and where the resources and manpower employed by the firm would therefore be more usefully employed elsewhere, we have in general refused to make individual price adjustments. However, and this is the second distinction, even in non-essential fields we have provided individual price adjustments where the producers affected were relatively efficient. For we have recognized that this would save the consumer money. If these efficient producers were forced out of business, consumers would have to turn to less efficient producers and pay a higher price.

I have sketched these outlines of our price control policy simply to make clear what I mean when I say we have know-how in this field that was lacking after the last war. We know how to adapt our techniques to the requirements of the individual industry while at the same time applying uniform standards of fairness to all industries.

I think, then, that we can approach the problems of reconversion with confidence. While it is true that the problems are larger and more difficult than they were last time, we have great advantages which then were lacking.

Now, of course, there are no magic formulas, there are no simple answers we can pull out of a hat. Our pricing will have to develop industry by industry, changing as conditions change and improving as we gain experience in this new field. But our objectives are clear and the principles upon which we shall operate are common-sense principles that anybody should be able to understand and, I think, approve. Let me sketch them for you.

First, we must continue to hold the line against inflation. We can't let our fighting men come home this time to face rising rents and climbing food prices as they try to get a new start in civilian life. We cannot afford to let the price level go, and with it the wage level, in a speculative spree that must inevitably be followed by a collapse. This isn't going to be easy, but do it we must and do it we shall.

Second, we must take no action which would deflate the economy. There are hundreds of items which have been out of production since immediately after Pearl Harbor. Since that time costs have not stood still. If we were to require the producers of each of these items to bring them back on the market bearing the same price tags they had when they went out, this would force many producers to cut the wages they are currently paying labor, to cut the prices they are currently paying their suppliers. Such a policy could easily touch off a spree of price and wage cutting which could put our economy into a tailspin.

This too we are determined to avoid. If it's a question of cutting costs to match a pre-war price or of raising prices to match current costs, there's no doubt in my mind we shall choose the latter. The dangers of deflation, when war expenditures are pulled out of the economy, are sufficiently grave that we must do nothing that would increase those dangers.

Accordingly, the prices we are going to establish for new goods brought back into production will definitely take account of the increases in wage rates and in raw material prices that have taken place since they were last in production.

It is only common sense that we should take these increases into account. However, there has been a lot of loose talk about increases of 25 to even 35% in the prices at which new automobiles will sell over the levels at which they were last sold early in 1942. This talk is both irresponsible and dangerous. Let me say with emphasis that I know of no increases in straight-time wage rates or in the prices of basic materials since early 1942 that would warrant any such increases in the prices which the public will be asked to pay.

Average hourly wages in the automobile industry, for instance, have increased only 9½% since the last automobiles were manufactured in early 1942. Straight-time hourly wage rates are up only 4½% during this same period. Straight-time hourly wage rates in other so-called consumer durable industries have risen to a somewhat greater degree. But even in industries where the rise has been double or triple the increase in the automobile industry, we have many remarkable improvements in plant efficiency. Thanks to American industrial and engineering genius, the automobile industry and other heavy industries will, for instance, enter the post-war period with many unbelievably more efficient machine tools. One such machine is reported to have cut production time on a given unit from 90 hours to two hours and a half. Another new machine replaces 17 pieces of equipment formerly required for one operation in drilling, machining and finishing a casting. As a result, costs of these particular castings were reduced from $3.88 to 22 cents each.

While these particular savings are undoubtedly extreme, there is no questioning the fact that under the pressure of war production we have developed many industrial savings which will be available during the post-war period. Under full production, the results in many industries will actually be lower labor costs per unit.

When we examine the costs of basic materials used in the production of these particular products we again find little reason to justify sharply increased prices for the vast majority of consumer durable products. Today the price of cold rolled steel and the prices of steel plates are still at the levels of January, 1942. Copper has not moved in price. The prices for some products, such as hides, cement and aluminum, are actually a trifle lower now than in January, 1942. Coke and industrial chemicals are virtually unchanged.

It is quite true that in many industries there may be cost increases of which we are not yet aware. Moreover, I can assure every businessman that we will study each new reconverted industry carefully in order to take all factors into consideration.

It is essential, however, that these stories of vastly higher prices for consumer durable goods be stopped and stopped hard. If they represent economic defeatism on the part of some industrial leaders in their thinking about the future, I believe they are particularly dangerous.

So when I say that OPA is going to take costs into account in fixing prices, remember that we're going to be looking at all costs, not just those that have risen. And so, while we may have to mark up some prices, that won't be true of them all, not by a long shot.

Third, we shall price for a full-production, full-employment economy. Before the war the United States was known the world over for our achievements in mass production. But those have been utterly dwarfed by our achievements during the war itself. Today the index of industrial production stands more than 125% above its peacetime level. Right there in that figure is the story of what is happening in Poland and in France, what is happening in the islands of the Pacific. Right in the figure is the reason why, while swamping the Axis on every front, we have at the same time sustained a standard of living at home higher than we have ever had before. Having demonstrated what we are capable of producing when we put our minds to it, we are not going back to half-production and half-employment and half-consumption after the war.

Our farmers have tasted, for the first time in a generation, the fruits of all-out production. They are not going to take a slash of prices and income such as they took after the last war.

Our workers have tasted, for the first time in a generation, the fruits of full employment and wages a man can raise a family on, decently and in comfort. They are not going to unemployment, insecurity, and a handout to keep body and soul together.

And our businessmen, they too know what it means to have a market for everything they can produce, they know what a full-production, full-employment economy means in terms of the dollars they can bank. They know what it means in terms of the open ladder to those with competence and initiative and enterprise. They are not going to take a shrinking market lying down.

And let's not forget that 11 million men returning from the corners of the earth—those of them who do return—aren't going to take apple selling and like it. In fact, they aren't going to take it—period.

Some of them are going to want jobs, good jobs paying a living wage. Others are going to want farms on which they can raise a family. Still others will want to go into business. But all of them are going to want opportunity. And I have a hunch they are going to figure that it's up to us, who have been running the home front while they have been doing the fighting, to see that they get that opportunity. What is more, I think they're right.

Now, what does all this mean for prices? It means prices that are set to tap mass markets, prices that yield profits on the basis of volume, not on the basis of markup. Too often in the past, our industrial leaders have lacked the imagination to tap mass markets. They have tried to play it safe by pricing their products to yield a profit at 50% of capacity. But the result has been that their operations never got much above 50% of capacity, while men went without jobs, and consumers without goods. The national income as a whole has run at half what it might have been, so that all of us, business leaders as well as everybody else, have earned far less than we might have done.

We aren't going to go forward by playing it safe. A mass production economy doesn't work that way, and ours, we have found, is far and away the most powerful mass production economy on earth. During wartime we have priced on the basis of mass production and that is why we have been able to hold prices stable in spite of rising wages and still yield business the highest profits they have ever enjoyed. This has, I think, persuaded lots of our businessmen of what the automotive industry from its earliest days has always known. During the reconversion period we propose to price on a full-production basis. That means stable prices. That means narrow margins. I think our experience during reconversion will persuade those who still have some doubts that what we can do in time of war we can also do in time of peace.

If we proceed on this basis, as I propose we shall, then when the day comes to strip off the last of the wartime controls, we shall turn back to American industry a price structure fully geared to all-out production. From that time on, how prices are set will be the responsibility of American business.

At this point let me repeat what I have said on earlier occasions. I am convinced that only Government can underwrite the level of production and income. I am convinced, furthermore, that in a modern industrial economy Government **must** underwrite the level of production and income and be ready to take whatever steps prove necessary to sustain those levels. But I am also convinced that this very guarantee, fully implemented by adequate programs ready for instance use, will make it possible for private enterprise to outdo itself, so that actual Government operations under that guarantee will be at a minimum.

If the Government's guarantee is to have this effect, however, it will be up to businessmen to gear the prices they charge and the wages they pay to the requirements of our full-production economy. I, for one, think American businessmen will measure up to that responsibility. I, for one, am confident that the lessons of the war period, re-enforced by those we shall draw from pricing during reconversion, will be so persuasive that no important sector of business opinion will still hold to the old views and old habits.

It is upon this confidence of American business working shoulder to shoulder with farmers, with workers, and Government that I look forward beyond the reconversion period to the greatest era that American enterprise and the American people have ever known, an era in which the tremendous potential which we have only now come to realize is ours will be fully harnessed to the advancement of the material and moral well-being of all America to heights never before even dreamed of.

FIC Banks Place Debs.

A successful offering of an issue of debentures for the Federal Intermediate Credit Banks was concluded Aug. 18 by Charles R. Dunn, New York fiscal agent for the banks. The financing consisted of $20,315,000 0.85% consolidated debentures dated Sept. 1, 1944, due June 1, 1945. The issue was placed at par. The proceeds, together with cash funds, will be used to retire $22,875,000 of debentures due Sept. 1, 1944. As of Sept. 1, 1944, the total amount of debentures outstanding will be $285,715,000.

Canadian Securities

(Continued from page 893)

inventories which overhung the market have been liquidated and current offerings are scarce. Recent refunding operations have caused difficulty in portfolio replacement operations. Consequently prices again were slightly higher but activity was at a low ebb due to lack of supply in any interesting volume. Internal issues were still offered and, as predicted, the Canadian dollar in the "free market" was easier and was quoted at 10⅛% discount.

In the period ahead of us, the same pattern should continue—firmness with little activity. The current high level of the market should preclude any heavy speculation on the upside, but there remains still a few lagging situations among the provincial and municipal issues, notably Albertas, Manitobas and Montreals.

Interesting Situation

Common stock of Central Vermont Public Service offers attractive possibilities, according to a memorandum being distributed by Buckley Brothers, 1529 Walnut St., Philadelphia 2, Pa., members of the New York and Philadelphia Stock Exchanges. Copies of this interesting memorandum may be obtained from Buckley Brothers

Appreciation Possibilities

Standard Stoker Co., Inc. offers a liberal return and good possibilities for price appreciation according to an interesting study of the situation prepared by G. A. Saxton & Co., Inc., 70 Pine St., New York City. Copies of this study discussing the present and post-war outlook may be obtained from the firm upon request.

This announcement is not, and is under no circumstances to be construed as, an offering of these Bonds for sale or as a solicitation of an offer to buy any of such Bonds. The offering is made only by the Offering Circular.

$47,000,000

Kansas City Terminal Railway Company

First Mortgage Serial Bonds

To be dated October 1, 1944. To mature serially commencing October 1, 1948 as shown below:

MATURITIES AND YIELDS

Amount	Maturity October 1	Coupon	Yield	Amount	Maturity October 1	Coupon	Yield	Amount	Maturity October 1	Coupon	Yield
$550,000	1948	4 %	1.50%	$694,000	1957	2½%	2.30%	$822,000	1965	3%	2.75%
566,000	1949	3¾	1.65	710,000	1958	2⅝	2.40	838,000	1966	3	2.75
582,000	1950	3⅝	1.80	726,000	1959	2¾	2.50	854,000	1967	3	2.75
598,000	1951	3½	1.90	742,000	1960	2¾	2.55	870,000	1968	3	2.75
614,000	1952	3⅜	2.00	758,000	1961	2¾	2.60	886,000	1969	3	2.75
630,000	1953	3⅜	2.10	774,000	1962	2⅞	2.65	902,000	1970	3	2.75
646,000	1954	3⅜	2.15	790,000	1963	2⅞	2.70	918,000	1971	2½	2.75
662,000	1955	2⅜	2.20	806,000	1964	2⅞	2.70	934,000	1972	1⅞	2.75
678,000	1956	2½	2.25					950,000	1973	1⅞	2.75

$27,500,000 2¾% Bonds due Oct. 1, 1974. Price 99¾% and accrued interest.

Copies of the Offering Circular dated August 31, 1944, describing these Bonds and giving information regarding the Company may be obtained from any of the undersigned.

Dick & Merle-Smith **Salomon Bros. & Hutzler** **White, Weld & Co.**

Drexel & Co. **Stroud & Company**
Incorporated

August 31, 1944.

Municipal News & Notes

Sinking fund assets of the City of Wilmington, N. C., applicable to redemption of outstanding water, sewer and street bonds totaling about $1,000,000 have quadrupled within the past three years, it was reported recently by City Manager A. C. Nichols.

The fund, he said, at present amounts to $615,009 and will reach $700,000 by the close of the current fiscal year. In 1941 the amount was only $153,399. Aside from the regular annual appropriation of $80,000 during the past three years, the fund received an additional $200,000 at the close of the fiscal year on June 30, 1943. The bonds covered by sinking fund assets mature between 1948 and 1955, inclusive.

Port Of New York Authority Bonds Again Held Tax-Exempt

The Port of New York Authority on Aug. 24 won the second, and possibly final decision, in its fight against the attempt of the Federal Administration, through the medium of the Internal Revenue Bureau, to have its bonds declared subject to Federal taxation via the courts.

This latest victory stemmed from the action of the Federal Circuit Court of Appeals in affirming the decision of the Tax Court of the United States, issued Jan. 29, last, holding that both the Port Authority and the Triborough Bridge Authority are political subdivisions as defined in the Internal Revenue Acts and that interest on their bonds is consequently immune from Federal taxes in accordance with provisions of such Acts.

As was true of the Tax Court, the Federal tribunal did not elect to pass judgment on the infinitely broader question bearing on the constitutional tax-exempt status of State and municipal bonds *per se. In each instance* the courts confined their rulings solely to adjudication of the statutory question as to whether the two agencies enjoyed the status of political subdivisions.

Such limitation, however, by no means lessens the import of the Port Authority victories, particularly when considered in connection with the several defeats suffered by the Federal Administration in its efforts to have Congress pass bills removing the tax-exempt feature from State and municipal debt instruments.

While it is by no means certain that the Internal Revenue Department will not appeal the latest court ruling to the U. S. Supreme Court, it is definitely true that its chances of favorable verdict from that source are extremely remote. This view is shared not only by legal counsel, particularly those who have been actively identified with the litigation, but also by underwriting houses and municipal bond firms, not to mention investors.

The position taken in the matter by market circles was dramatically expressed immediately after the decision of the Circuit Court of Appeals was made known and was marked by the action of the underwriting group of the recent offering of $17,671,000 Port Authority 2% general and refundings of 1974, in raising the offering price on its holdings of the issue from the original figure of 97.50 to 98.50.

The consequent flood of orders from investment sources resulted in the quick distribution of the approximately two-thirds of the total issue that up to announcement of the decision had been in the hands of the underwriters.

The issue, it will be recalled, was awarded Aug. 15 to a syndicate headed by Harriman Ripley & Co., Inc., New York. Contrary to previous expectations, based in part on the impressive improvement in earnings recorded by the Port Authority since the first of the year, only two instead of the anticipated three and possibly four syndicates competed for the issue. Failure of broader competition to develop obviously was occasioned by the imminence of the recent decision and possibly some uncertainty as to its nature.

Wire Bids on
VIRGINIA—WEST VIRGINIA
NORTH and SOUTH
CAROLINA
MUNICIPAL BONDS
F. W.
CRAIGIE & CO.
RICHMOND, VIRGINIA
Bell System Teletype: RH 83 & 84
Telephone 3-9137

This was apparent in the spread which separated the winning and runner offers, the successful tender of 95.85 being in contrast with the bid of 94.12 made by the other account, which was headed by Halsey, Stuart & Co., Inc.

That investors, too, were chary of participating in the issue, until the decision favorable to the Port Authority was announced, is seen in the fact that up to that time the underwriters had succeeded in placing only one-third of the issue. The speed with which they absorbed the remaining bonds, despite the one-point increase in price, seemingly was a demonstration of their confidence in the unassailable position of the tax-exempt status of Port Authority bonds, also those of similarly-created agencies, from successful attack in the courts.

Commenting on the recent Circuit Court ruling in favor of the Port Authority, Chairman Frank C. Ferguson noted as follows:

"The Tax Court," said Mr. Ferguson, "upheld our long-standing contention that our bonds are on the same plane as the direct obligations of the States and cities—a position which has been maintained by the Port Authority from the time of its first bond issue almost 20 years ago. At that time our position was supported in an opinion written by the Hon. Charles Evans Hughes. It has been consistently supported by our counsel ever since, has been accepted as one of the attributes of Port bonds in the market and, despite the Treasury's attack, was upheld by the Tax Court of the United States. While copies of the opinion of the Circuit Court are not yet available, I assume that it has based its decision upon the same ground."

Mr. Ferguson noted that the Port Authority has for many years past taken the leadership in the efforts of States and cities throughout the country to defend themselves against Federal efforts to tax their fiscal operations.

"The Port Authority," said Mr. Ferguson, "participated in the organization of the Conference on State Defense which over the past five years has successfully maintained the position of the States and cities on this fundamental issue in the Congress of the United States. The Congress consistently supported the State and municipal position culminating in September, 1942, with the defeat in the Senate of Treasury efforts to tax local bonds. The local governments have always pointed out that Federal taxation of their financing simply means an increase in local real estate burdens.

"We trust that this decision will mark an end to efforts to interfere with the fiscal affairs of the States and cities. The municipalities should now be able to go forward with their plans for post-war development without the fear of Federal interference with local financing."

Bureaucracy Vs. Free Enterprise

(Continued from page 893)

grew. The collections were good, and they grew and grew. Everything was fine, not only for a few days and a few weeks and a few months, but for several years it went along.

Finally, after a period of feeling depressed, the old preacher got up one night and after a sermon he closed with this prayer: He said, "Dear God, if there be any strife amongst us, stir it up." He was ready for the strife that he had been missing for a long time. Maybe there should be some strife amongst us instead of acquiescence.

Now I hope in my concluding remarks for a few minutes that I can carry a clear message. What I am saying tonight is extemporaneous or impromptu, but I think that we have reached the point in all of America where anybody who believes in the American way of life, any man that is a farmer, that wants to see agricultural America produce, any man that is in the investment business that has a regard for the future solvency of his business—all of us must awaken to the fact that these things cannot be accomplished by acquiescence. We are going to have to fight for them.

Today the American soldier and his gun make up a chain that circles all the world. In several and sundry climes in every continent and place, the American soldier is on the march, and he is fighting a war that is testing whether or not nations whose government controls the people or nations where the people control the government shall survive.

You and I have that fight on our doorsteps. I am here to tell you what one Oklahoma farmer thinks about the future of free enterprise and all it means to the American way of life.

You have heard a lot about four freedoms. They all four of them are without any foundation to stand on unless you put the fifth freedom, free enterprise, under them to strengthen the structure.

The American philosophy of government that was set forth in our Constitution is being tested on the battlefront and is being tested here at home. Bureaucracy has come to be a new philosophy of government, just as different—not to be compared with, of course, the philosophy of the Nazis, or the Fascists, but just as different from the American philosophy of government as written under those first three words in the American system of government, "We the people," as these other forms to which I have referred.

"We the people," the first three words in the American Constitution. We do ordain and establish this government. Every power that there is in government is residual with us. Every power that is exercised by the Government or any official of the Government is his to wield only as he has a special and definite mandate from us to direct him to do so.

But there has grown up in America a new system called bureaucracy. It is not just an overgrown departmentalism. It is a new philosophy. It is a philosophy that holds that the Government official has power within himself, that holds that a bureau can legislate and even adjudicate the effect of their legislation.

That is getting on a general scale that we have got to stop. I could point out to you thousands of instances of what I am talking about, but it would probably bore you and take me longer. I am afraid that my inadequacy of words is not permitting me to make clear to you what I have in mind. But I have lived eight years in the maze of amazement known as our nation's capital, and I want to tell you that just as there are acres and acres of buildings, thousands and thousands of employees, as compared to the small handful of people who are in the national capital making up what we know as the United States Congress, so has the power of bureaucracy grown in your Government until we have fast approached, if we have not reached, a stage not where we have a dictator (and we will never have a dictatorship in America, I am confident, in the form that it has been in other countries), but we have a hydra-headed control, a dictatorship of bureaucracy.

In my own humble opinion, born out of experience I have had in eight years, we are going to have to destroy bureaucracy as we recognize it. We are going to have to destroy bureaucracy or it is going to destroy the American system of government. When I use "bureaucracy" I am talking about anybody from a typist, up or down, who exercises any single authority of regulation of business that is private, or affairs that are personal, who usurps any authority that is not a definite and specific mandate given to him through the hands of the people and their chosen representatives.

It may be that you are more interested in a particular bill, and just what a certain bill like H. R. 1502 might do to your particular industry. At the moment, when you are hearing me talk, it might not be clear—but these bills that we are talking about can only have an immediate effect on the financial integrity and security of the industry in which you are engaged.

If you think beyond the place of what a man in America tries to build up, security for himself and his family which he accumulates in property and money, can you today feel that you have any security even in a large accumulation in a bank account, even in a strong institution that you build up to a point of what in our ordinary conception would be permanent substantiality? What is it you are afraid of, if you have any fear? Are you worried about the loss of money wiping your security out?

The thing that concerns your security most of all is, what is your Government going to do? The thing that determines more than anything else the security of the investment business, the soundness of it, the success of it, is what the Securities and Exchange Commission is going to do.

You are not thinking of what the Government might do for you, you are afraid of what the Securities and Exchange Commission might do to you.

I have a personal problem of my own. I am going to use personal illustrations because personal experience is the only one that I have. The CIO Political Action Committee decided that from their viewpoint I was undesirable in the United States Congress, and so they brought what forces they had to bear on the election.

It has been customary for members of Congress running for reelection not to antagonize organized groups any more than is possible. In my own case I had to stand up and fight about things that you believe in, and I closed my own campaign for re-election with the frank plea to the people of my district to go out and vote their own conviction, decide if they wanted to vote in the interest of the CIO or the U. S. A.

I think it is time in our industry that we stand up and fight on that same sort of a basis. I have talked ramblingly here tonight. I want to assure you that your committee in Congress, the Securities Exchange Sub-Committee, is earnestly and seriously studying the whole scope of security legislation. There have been long hearings that some of you are familiar with. There hasn't been any immediate result from it, but that is not for you to feel despondent about, because some of these problems are such that it takes a great deal of time to work them out in a manner that you are sure of doing the right thing both for the industry and for the public.

Let me assure you that the Committee on Interstate and Foreign Commerce, which handles all legislation of this kind, has become familiar with your problems and has a great respect for the job you are doing and a real confidence in you as American citizens (and no feeling at all like we hear sometimes expressed in reference to administrative government), no feeling at all that there is any lack whatever of the qualities that are in the public interests in the conduct of your business.

And so, as I close, I want to say to you again, I think that your problem will be solved only if all of us fight ceaselessly and endlessly, fight for a correction of what is wrong in the laws, what errors have been made. Then be eternally vigilant to see to it that the administration of the law is carried forward exactly according to the intent of the law and without any arbitrary judgment or whimsical decisions in that connection, and that that problem is the same one that faces the farmer when he is regimented by the Commodity Credit Corporation, the utilties dominated by the Federal Power Commission, and so on down the line.

My view about the general problems of American business and the American citizen in trying to keep a system of free enterprise is kind of like the negro preacher that had just about concluded the sermon, and somebody threw a tomato at him and hit him full in the face.

After he wiped his face he said, "Now there are going to be about two more minutes of preaching. Then there is going to be about two minutes of prayer. And then there is going to be the God-damndest negro fight you ever saw in your life!"

I just want to say that I hope you men will continue the preaching that you are doing on your problem, the educational work that is leading up to a better understanding on the part of Congress and opening up an opportunity for an understandable approach to the problem. Keep it up. Be even more active than you have have on that score. And of course you are entitled to a little praying that action will come sooner than you could normally expect out of the slow-grinding mill of government. If it don't come, if bureaucracy is continually arbitrary, let's have some real fighting.

Now I do not here talk of the members as individuals. I don't even know them very well, except through correspondence. And I am not talking about SEC as an institution. I want to get that quite clear. I am not here tonight to leave the impression that these institutions ought to be torn down. However, about nine-tenths of all the bureaus in Washington ought to be abolished, and I think about 50% of all the bureaucrats in Washington ought to be scalped—and I've got a scalping knife and a couple of tomahawks.

I have enjoyed this little visit with you. If you can forgive me for a rambling and not very effective talk—I do want to assure you that as far as I am concerned, I think the preaching and praying are over with, and from here on there is going to be the damndest fight you ever saw to get these policies and bills such as H. R. 1502 through.

The Securities Salesman's Corner

By JOHN DUTTON

The Retail Dealer Is Not Overpaid For His Efforts

There is need for more light and less heat when it comes to a determination of what constitutes a reasonable and fair mark-up in the over-the-counter securities business. During the past 10 years a marked change has taken place in that segment of the industry which deals primarily with the retailing of securities. Unfortunately, many well intentioned individuals even within the securities business itself, who are today the leaders in advocating a generalized overall ruling, which they are trying to apply indiscriminately to the entire industry, do not appear to understand the difference between the retailing of over-the-counter securities and the other phases of the business, such as wholesaling, underwriting, trading, etc.

This change of which we speak deals primarily with an attitude which the modern, progressive retail dealer now assumes toward his client. Today the successful retail dealer does more than sell a security—he sells his brains. Those dealers who don't have sufficient experience, ability and financial wisdom to really do a job of investment guidance which is based primarily upon the sale of SELECTED ISSUES to their clients, and the CONTINUED SUPERVISION WHICH IS NECESSARY AFTER THESE SECURITIES HAVE BEEN SOLD, just don't last very long in the retail securities business today. At best, if they do manage to hang on and do a small volume of business, their influence in the industry and their effect upon the public at large is small indeed.

In order to invest money intelligently in securities under today's complicated economic conditions IT HAS BECOME NECESSARY TO ALMOST COMPLETELY DISREGARD THE OLD AXIOMS OF THE PAST WHICH MOST OF US LEARNED BACK IN THE TWENTIES REGARDING THE THREE Rs OF SUCCESSFUL INVESTMENT. No longer is it possible to take such generalities as safety of principal, income and marketability and build a case for conservative investment. In fact, no set of rules, no glib generalities, and no amount of statistical study for its own sake CAN TAKE THE PLACE OF YEARS AND YEARS OF PRACTICAL EXPERIENCE IN THE JUDGMENT OF VALUES AND THE APPRAISAL OF FUTURE PROBABILITIES. In short, THE SUCCESSFUL RETAIL DEALER IN SECURITIES TODAY IS NOT ONLY A MERCHANT, HE'S ALSO ONE OF THE BEST EQUIPPED INVESTMENT SPECIALISTS THAT YOU CAN FIND ANYWHERE.

He knows and understands the trends in various industries; he is constantly on the lookout for special situations which have more than average opportunity for price appreciation; he is familiar with the tax laws and their effects upon specific securities; he even watches for styles in securities which indicate public preference at a particular time. He discards 10 times as many situations as he selects for his clients. He does these things as a regular part of his business, AND BECAUSE HE KNOWS THAT THERE IS NO BETTER WAY TO KEEP HIS BUSINESS GOING AND GROWING THAN TO MAKE PROFITS FOR HIS CUSTOMERS.

In many cases these small firms employ no regular statisticians, but this does not say that they do not select and offer the proper securities to their clients. In most cases the heads of these firms act as their own statisticians—they carefully supervise the activities of their sales force and make certain that the highest standards of investment procedure are strictly observed. Many of these men are ex-bond salesmen who had a successful career behind them working for someone else. They have seen the mistakes that have been made in the past and now they profitably apply the wisdom gained from their own experience in the conduct of their own business.

When it is realized that these smaller firms deal in units of investment, rarely aggregating sums of over $5,000, and in most cases the sale involves a much smaller sum, it can be readily appreciated that the percentage of markup involved in handling such small sums must be more than in the case of the large investor. The work involved in selling 100 shares of a $10 stock is often times greater than in taking an order from an institution for a block of a $100,000 worth of bonds, or a 1,000-share order for a well-known, highly marketable security. If the gross profit in such transactions does not cover the cost of doing this type of business then the smaller investor will suffer. The elimination of the small, retail, over-the-counter organizations from the investment scene would bring about a condition where the average investor who now depends upon his security dealer for advice, counsel and guidance would in the most part have no place to go and no one to turn to in procuring the assistance which he now receives from these thousands of smaller firms that operate in every State in the Union from coast to coast.

The markups in the retail security business are not excessive. The law of competition sees to that. In fact, they are just about as low as they can be, and still allow enough to take care of overhead and leave a small profit for reinvestment in the business. The financial results and the records of the majority of these firms will also prove that most retail security firms make only a modest return upon their invested capital and the effort which they put into their work.

No other business gives as much for so little. Most of the heads of the progressive firms which are doing such an excellent job today could find employment in industry, advertising or other types of merchandising and sales work, at higher salaries than they are making by staying in the securities business. They need encouragement and recognition by both the Governmental bureaus and by members of the exchanges and the large underwriting firms—rather than constant interference and carping criticism. Small business is the backbone of this country—it is also the backbone of the entire financial and securities business. The large firms would suffer more than gain by the elimination of these firms through their inability to make ends meet—the investor would surely be worse off than he is today—and the country at large is also going to need retail distribution of new equity financing in the years to come. The small retail firm can handle its own problems, but it cannot stand much more outside interference and restrictions on its methods of operation or its markups—there is a limit beyond which even the most efficient and capable operators of these firms cannot be pushed—the game has to be worth the price of admission or even these fellows will quit playing.

War Program Provides Housing For 5,600,000 Persons

War housing, completed or under construction since the summer of 1940, now totals over 1¾ million units, which will house approximately 5,600,000 persons, including war workers and their families, John B. Blandford, Jr., Administrator of the National Housing Agency, announced.

Total completions now amount to 1,627,290 units, of which 889,625 accommodations have been done through private financing and 737,665 completed by public financing.

John B. Blandford Jr.

Of the completions by private financing 701,109 are of new construction and 188,516 accommodations have been accomplished by conversion. The 737,665 units of public financing show 702,280 units of new construction and 35,385 accommodations by conversion.

All but a few of the privately financed units are of the family type while the publicly financed accommodations comprise 522,490 for families; 160,430 dormitory units, and 54,745 stop-gap units, which includes both trailers and portable shelter units.

Units under construction with private financing amount to 72,840. An additional 71,306 were scheduled to get underway as of June 30, of which 57,334 are new and 13,972 are by conversion of existing structures. On the same date 54,028 public units of varied types were under construction and 15,995 more were to be started, of which 6,356 will be new units, 3,161 stop-gap shelter accommodations and 6,478 will be by conversion.

June figures show 12,422 privately financed and 11,839 publicly financed units, completed during the month, as compared with a total production of 53,023 units, of both private and public, during June of last year.

War housing needs of migrating workers have been met in most areas, although there are still critical situations—particularly on the Pacific Coast.

In addition to the housing provided through new construction and conversion, approximately 2,000,000 war workers, hundreds of thousands with families, have been taken care of in existing housing through community cooperation and War Housing Centers. These Centers have been operating in practically every war production city throughout the country.

Practically all publicly financed war housing now being built is of temporary construction and will be torn down after the war while the housing produced with private funds is built for permanency and will be absorbed for normal housing needs when the war use has passed. 90% of the private war housing is being financed through FHA-insured mortgages.

Real Estate Prices In The Post-War Period

The 1939-1940 level in real estate prices will be the floor beneath such prices for a considerable period after the war, in the opinion of home financing executives in 14 industrial centers where the greatest increase in the civilian population has come as a result of the war boom. In an opinion survey conducted by the United States Savings and Loan League, several of these managers of member savings and loan associations of the League felt that the price level in real estate would remain firm into the post-war period, while the majority suggested that a gradual tapering off of prices by from 10 to 25% would eventuate in the readjustment period.

Half of those replying to the League's questionnaire said that at the close of the war there is likely to be a good demand for new homes in the medium and higher-cost brackets, from $6,000 upward. This would be true, they said, even where there was some overbuilding in the lower-cost homes on which there has been a concentration of building attention since wartime restrictions went into effect.

Quite generally the managers foresee after the transition has been made a peacetime industry surpassing considerably the pre-war levels. This outlook was reflected in answers to a question as to what the prospects are for peacetime production to absorb facilities and labor now employed in war industries.

Half of those surveyed felt that the period of adjustment would be relatively brief and that the careful post-war planning already under way in many industries will stand them in good stead.

The opinions generally take into consideration the certainty that the extent and ease with which peacetime construction can take over war industry facilities depends on the type of industry involved. While many manufacturing plants now producing munitions will be able to absorb practically all their present facilities, they conclude, shipbuilding centers will have a much more difficult time in keeping present labor and facilities employed.

The survey of post-war prospects among savings and loan executives was made in the following cities: Dayton, Ohio; Charleston, S. C.; Wichita, Kans.; Galveston and San Antonio, Texas; Berkeley, Oakland, Alameda and San Diego, Calif.; Seattle, Wash.; Portland, Ore.; Newport News and Norfolk, Va.; and Savannah, Ga.

John P. White Dies

John P. White, partner in John P. White & Co., 120 Wall Street, New York City, died at the age of fifty-one.

Mr. White had been engaged in the securities business in New York City for over 36 years. He formed his own firm in 1914. Returning from service in the Navy in the first World War he became a partner in Taylor & White; in 1931 he became a partner in White & Cartmell, organizing his own firm again in 1934.

He was one of the organizers of the Unlisted Securities Dealers' Association of New York and was a former governor of the association.

Attractive Situations

Laclede-Christy Clay Products Co. common, which is listed on the St. Louis Stock Exchange, offers an interesting situation, according to a memorandum issued by Herzog & Co., 170 Broadway, New York City. Copies of this memorandum and also circular on Bartgis Bros. and Federal Screw Works may be obtained from Herzog & Co. upon request.

IRON-CLAD PROTECTION FOR YOUR SAVINGS

Conservative, able management, large reserves, strong underlying security, safeguard your savings here. In addition, each account is federally insured to $5,000. Current return 3%. Savings received by 10th of month earn in full from 1st of month.

STANDARD Federal Savings AND LOAN ASSOCIATION
735 South Olive Street
Los Angeles · MI-2331

Kansas City Terminal Bonds On Market

A group of investment bankers headed by Dick & Merle-Smith is today (Thursday) offering $47,000,000 Kansas City Terminal Railway first mortgage serial bonds, dated Oct. 1, 1944, and due serially from 1948 to 1974, inclusive. Of this issue, $19,500,000 mature in amounts from $550,000 to $950,000 annually between 1948 and 1973, bear coupons from 4% to 1⅞% and are priced to yield from 1.50% to 2.75%; and $27,500,000 are 2¾% bonds due 1974 and priced at 99¾. The group was awarded the issue at competitive sale on Wednesday.

Proceeds of the financing, together with other funds, are to be used for the redemption on Jan. 1, 1945, at 105 and interest of all the $49,121,000 first mortgage 4% gold bonds of the Terminal Company now outstanding. The additional $4,577,050 required will be furnished by the Terminal Company and its proprietary railroads. Capitalization outstanding upon completion of the present financing, in addition to the new $47,000,000 issue, will consist of $2,201,681 non-negotiable debt to proprietary companies and $2,200,000 common stock, par $100.

Company owns and operates a union passenger station and freight and passenger terminals in and about Kansas City, Mo., and Kansas City, Kan., which are used by 12 proprietary roads.

In addition to being a mortgage on the property, the bonds will be further secured by pledge of an operating agreement which will provide that each of the proprietary railroads (other than the Alton) or their trustees, agrees unconditionally to pay to the Terminal Company or the mortgage trustee one-eleventh of the sums required from time to time for payment of principal of and premium, if any, and interest on the bonds and, in case of default by any other proprietary railroad or railroads, to pay its ratable share of the amount of such default.

Associated with Dick & Merle-Smith are Salomon Bros. & Hutzler; White, Weld & Co.; Drexel & Co. and Stroud & Co., Inc.

Some Limitations Of Easy Money And Collateral Theories

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interest rates are an ineffective means of restraining wartime inflation.

We have consequently adopted the following policies:

1. To raise a large part of the cost of war by taxation.
2. To borrow as much as possible from current savings.
3. To eliminate rising interest rates and mitigate the cumulative effect of rising prices and wages by
   a. Keeping money rates low through increases in bank reserves as necessary by means of operations of the Federal Reserve Banks.
   b. Restraining the rise in prices, wages and other costs by price ceilings, rationing and other regulations.

Interest rates on government securities have been very low and stable throughout the war and the increases in prices and wages seem moderate in the light of the magnitude of the war effort. Bulges in the prices of goods especially scarce, or in demand for the moment, by reason of the war, have been restrained. The volume of private credits created to carry such goods at grossly distorted values has been small. The wartime distortion of economic interrelationships has thus been mitigated and the apparent cost of the war itself has been kept within narrower limits than would otherwise be possible.

Although the cost of war to the Federal Government may be deferred by borrowing, the cost to the citizens of the country as a whole cannot be deferred to future generations by any financial device whatever. It is inevitably paid about when it is incurred. That this cannot be otherwise than true will be readily seen when one realizes that substantially all government borrowings are made from its own citizens and that the money is merely taken from some pockets in the community by one device or another and put into others. The question is not *when* shall the cost of war be paid (that in inevitably concurrent with the expenditure), but *how* shall it be paid. There are only three ways:

1. From current taxation,
2. From current savings, and
3. From confiscation, by diluting the real value of existing claims through inflation.

In theory, the cost of war mght be more equitably raised by borrowing current savings and by taxation, the incidence of which can be foreseen to some degree, than by inflation, the ramifications of which cannot be easily forecast and planned, and which, therefore, is likely to be the most inequitable means. If the war expenditures were only 10%, or perhaps even 20%, of the national income it might be possible to avoid inflationary war finance altogether (if the necessary political action could be obtained with sufficient promptness). But when the war effort is much greater, limiting facors appear. It is likely to be politically impossible to impose taxes on such a broad base as would be necessary to raise the sums required; and to be actually impossible to raise the money from the higher income groups, because it isn't there in sufficient quantity, or from corporations without impairing their working capital. A degree of inflationary finance then appears to be economically as well as politically unavoidable. The restraints of war-time price ceilings and rationing then become desirable, not only to mitigate bulges in the prices of particular commodities which war-time conditions of supply and demand would otherwise produce, but also to restrain the speed of general price and wage increases. Such war-time measures appear to have attained a considerable degree of success. The distortion of usual economic interrelationships has been definitely mitigated by them. It will undoubtedly be desirable to continue similar measures temporarily after the war with respect to those commodities, the demand for and supply of which are momentarily badly out of normal relation; and to relax such restrictions when a reasonable degree of balance is restored. To some extent these measures have merely slowed down or postponed inflation, but to the extent that they have restrained increases in the apparent cost of war, the gain has been very important.

Although such measures have in the past, and may in the future, be helpful by mitigating the grosser maladjustments produced by war, it may well be doubted if they will prove to be a satisfactory means of determining interest rates, prices, wages, and production when the grosser maladjustments arising from the war have been righted, and a reasonable degree of economic balance or normalcy has been restored. The regulation of interest rates, prices, wages, and supplies in reasonably normal peace times, or for an indefinite period, is an immense task, the detailed ramifications of which would be staggering. It would connote control of almost every economic or business aspect of life. Although some attempts to regulate the supply and prices of certain commodities, which for one reason or another were in a very bad situation during the depression, enjoyed a limited measure of success, others, such as the Stevenson rubber plan and the Brazilian attempts to right the coffee situation by centralized controls, have not been notably successful. All these measures, moreover, were applied to situations grossly out of adjustment; and there existed costs, prices, and other precedents of the nearby past to serve as a guide, exactly as such precedents have existed as a guide for war-time regulations. The broader the application of such regulations and the longer they are enforced, the less applicable the precedents become. If the breadth of their application, and the time of their application are extensive enough, it is more than likely that they would ultimately reach a point at which they would not only cease to mitigate economic distortion, but would begin to produce it.

Such a system of centralized management of so many details of life also involves a concept of social life foreign to American tradition. This, in itself, should not preclude adoption of the centralized concept, if it could be shown that such a concept were per se desirable. But the law of diminishing returns applies to enterprises which become too large. The supervisory difficulties become so great as to more than offset any other gains. The reasons for the existence and success of the private capitalistic free competitive system seem to be basic and realistic. It represents an evolution of many human influences rather than the fruition of the plans of any limited group. Its success seems to be due chiefly to its ability to express more fully than any other system the personal desires, tastes, and abilities of the greatest number of persons; and to determine the practical relativities of such desires, tastes, and abilities most successfuly. This ability to express tastes, desires and abilities, and to determine their proper relativities, or to harmonize them into practically operable relationships, seems likely to determine the degree of success, and power to endure, of any international or national organization, or social order.

Persons who interest themselves in international organization are likely to think in terms of ideals which appear to them personally to be logical and desirable, and to give too little attention to the great variety of ideas of persons in other countries. Politicians are likely to think in terms of the opinion of the majority as expressed at intervals by the ballot on a limited number of issues in combination; or in terms of not giving offense to special groups which bring aggressive pressure to bear on them. Economists are likely to think in terms of aggregates and averages. The merchant or manufacturer is likely to think in terms of the particular products which he makes or sells, the desires of his customers, the prices he can obtain, and the costs he will have to pay. Usually he is engaged directly or indirectly in satisfying very intimate personal tastes and desires of the people or a part thereof, and in bringing about a coordination of the desires of some with the abilities of others. In the area of consumers' goods his contact with the intimate personal desires of individuals is not more remote than that of the economist or politician, but possibly even closer. It is a day-to-day contact. Individuals vote him in or out of business by their daily expenditures. A political body or committee of economists, or other planners, seeking to substitute its or their judgment as to the multitude of personal desires and abilities of individuals, and their proper relativities, for the natural operation of economic forces, would be likely to find itself or themselves engaged in an undertaking, the infinite detail and complexity of which had not been fully appreciated at the beginning.

No two persons are alike in all tastes, desires and abilities. Individuals unite into groups for limited special objectives, and in a few limited matters act as majorities. But in by far the greater number of their activities, they act as individuals or families, and as purely personal tastes dictate. In such cases they act as very small minorities, or even minorities of one. When, therefore, minority rights are neglected or repressed, there is actually little, if any, personal freedom left. If too many affairs are centrally managed, even the majority finds itself subjected to controls on which it has actually never had any opportunity to express itself, but on which it is merely presumed to have expressed itself, because it has voted for a particular candidate. But how little it knew of the ideas which any candidate might express, except upon a very few matters! These realities can be very easily perceived by observing the personal activities of the usual family. Its members spend a very small portion of their time considering political issues, in economic thinking, or in union or other organizational activities. Most of their time and interest are spent in their jobs, in work about the home, and in the use of their earnings to satisfy personal tastes and desires of a very varied nature. Some idea of the complexity of modern tastes and desires may be obtained merely observing the great variety of products and services offered and sold. To regulate the minutiae of these complex activities would be impossible. What can be made and sold is determined to a very large extent simply by trial and error, by expert experience and intimate training in the minutiae of industry, by day to day contact with individual desires and abilities, and by gradual development of products, processes, and merchandising methods. Thus the free economic system satisfies a great variety of intimate personal tastes and desires, and provides an opportunity for the expression of a great variety of personal abilities, partly those of a majority, but for the most part, those of an aggregation of a great variety of minorities—the same individual often being in a majority in limited respects, and in one or more minorities in many more respects. It is hardly to be expected that any centralized management of the details of industry could provide for the expression of so wide a variety of tastes, desires, and abilities, or so well determine their proper relativities, under usual circumstances.

A cataclysm as great as war breaks down normal business interrelationships, and produces gross and obvious maladjustments of supply and demand of such magnitude and with such speed that the unaided action of ordinary economic forces cannot bring about a satisfactory adjustment in any reasonable length of time. Even in normal times, laws have always been recognized as necessary to govern many aspects of business conduct. Certain aspects of business are not capable of any control except central control. Such matters include tariffs, federal taxes, and the general overall management of the volume of the circulating medium to the extent that it is capable of being managed. There are, therefore, different degrees of central management which are suitable to different times and conditions, and there are also different aspects of business life, some of which cannot be regulated or managed otherwise than centrally, and some of which are not at all suitable for central management. There is perhaps no brief satisfactory general language by which the niceties of the proper position of central governmental regulation or management can be succinctly stated for all times and places, except to say that it is limited.

The fundamental objective of the free competitive private capitalistic system, of the social order, and of the republican political system which it generally connotes, is the freest expression of the personal tastes, desires and abilities of individuals without overall restraints not required to preserve order, peace, a reasonable degree of honesty, and other elementary principles of civilized conduct. The fundamental concept of Socialism, Communism, Fascism and other centrally controlled societies is the restriction of the personal desires, tastes and abilities of individuals within the range which supermanagement, however selected or coming by its power, believes to be desirable. These two sets of social theories are fundamentally different in their approach to the problem of social organization, and in their attitudes towards human beings. The first assumes a high degree of faith in human nature. It recognizes the infinite variety of human desires, tastes and abilities. It does not believe that it is possible for any small group to foretell and plan all the remarkable inventions, discoveries and new thoughts which the future may bring forth, or to substitute its judgment as to the future for the judgment of individuals. But it does assume that in a land of free opportunity, these things will develop and grow as in the past. It assumes a large measure of laissez faire, but not complete laissez faire. The other theories assume that little faith is to be put in human nature, or in the correctness of the ultimate decisions of individuals in the aggregate. They believe that nearly all aspects of life must be directed *for* the people according to the limited ideas of some small overall management selected according to some formula or other, or simply coming into power by force. There can be no question which type of philosophy is really liberal, or which will in the long run be found to be most expressive of human nature, and, therefore, most successful.

Actually there has never been a large country which was for long without any form of central government whatever, or one in which the central government, try as it would, has succeeded in stifling all personal tastes, desires, and abilities completely. The ultimate of either extreme has never been reached. The relativities of time, degree, place and detail receive some, but a varying degree of, attention in all types of social order. There are a limited number of functions which cannot be performed otherwise than by some sort of central organization. But the one type of philosophy conceives these functions to be those which cannot otherwise be practically administered. The other conceives them to be anything which can conceivably be brought under central control. The one represents a constant process of growth or evolution upon the basis of those things in the past which have proved to be desirable. Like the common law, it represents an accumulation of real life experiences over the ages. It is flexible, loose, resourceful, and, nevertheless, powerfully cohesive. The other represents the limited conceptions of a small group. The one is reasonable and sensible, though not perfect, as nothing human is perfect. The other represents an over simple logic carried to an irrational extreme—a common failing of the Occidental mind, and particularly of the German mind, as revealed both in the philosophy of Marx, and in that of Hitler and the Prussian military clique. The one accords with human nature and the natural laws. The other seeks to establish its own laws. In this connection, it is interesting to note that Russia appears to be gradually evolving towards or into the private capitalistic system.

The degree of centralization which is necessary and bearable for the clear and simple purpose of winning the war, and for mitigating some of the grosser maladjustments which arise therefrom, are not suitable for the multifarious purposes of peace. Now that it appears to be reasonably certain how the war will end, some thought needs to be given to the type of social order under which we will desire to live in the future. Shall its objective be the fullest expression of personal desires, tastes and abilities of individuals, or their restriction to the limited concepts of some small overlordship of undue strength.

In conclusion with respect to centralized regulation of economic interrelationships on a broad scale, it may be said that they have proved to be useful during the war for mitigating the grosser forms of maladjustment which result from war, and that they will prove useful on a gradually diminishing scale in the immediate post-war years. But they are essentially stop-gap or emergency measures, not likely to be a successful substitute for the free operation of ordinary economic forces in peace time, or to be a particularly sensitive or satisfactory instrument for expressing the wide range of personal desires, tastes, and abilities, or for determining their proper relativities, under more usual conditions. The ultimately desirable peace time organization will undoubtedly provide for a high degree of decentralization in most economic and business affairs, and for free, flexible, and adaptable prices and production under the private property system.

Most of our ideas with respect to economic controls have been borrowed from the British. Useful as certain of these measures are for mitigating the grosser forms of maladjustment which arise from war, they cannot take the place of modern machines made to such close tolerances that the parts are interchangeable, or many other advances which the British must make to maintain their position of industrial leadership in their own sphere, and their position in the world. Centralized schemes for limiting rubber production or liquidating the textile industry may ease the pain of liquidation, but they do not provide the positive forward impetus which arises from new inventions and improved methods under a system in which such advances are allowed freedom of opportunity for unlimited rewards, if they can succeed in competition. It is to this sort of development that England owes her industrial position of the past, and it is to this sort of advance that she must really look for the spark that will enable her to maintain her position in the future without our help. The grandiose economic schemes in which she has shown so much interest in recent years, and which have received so much publicity, have not been, and will not be, a successful substitute for processes by which all business growth is really brought about.

The so-called social security measures are not necessarily inconsistent with freedom for unlimited success and growth under the free competitive private capitalistic system. But those primarily interested in the enactment of such measures do commonly favor severe limitation of the possible degree of personal and corporate industrial success, and are inclined to give undue weight to the possibilities of divisive schemes. Since the degree of improvement in the general standard of living which is possible by means of industrial growth, or by the difference between a very dull year and a very active year, is much greater than any improvement possible from any divisive scheme, it would appear to be rather obvious that a combination of such social security measures with an unlimited opportunity for industrial growth and success would give the best results for all. This requires that the burden of such measures be spread widely, and that the steep gradation of income taxes be avoided. The development of inherited dynasties can be prevented through inheritance taxes.

Nor will it ultimately be found that the rental price of money can forever be successfully or advantageously maintained at preconceived artificial levels in accordance with any theory which fails to give consideration to all aspects of the interrelationships of monetary conditions and all other economic forces. The determination of the aggregate volume of bank deposits and currency in circulation is, in certain of its aspects, one of that very limited group of economic forces, which in so far as it may be controlled or influenced at all, can be controlled in the nature of things only by centralized power. In this country in the more distant past, such control of the volume of deposits and currency in circulation was accomplished chiefly by requiring that the volume of deposits could not exceed, directly or indirectly, certain specified ratios to the volume of gold held, and in the case of notes, also by requiring that they be secured by specified types of government bonds, the outstanding amount of which was limited. The volume of bank deposits of most of the industrially advanced nations was somewhat similarly controlled, and was, therefore, limited by laws or customs relating the maximum volume of bank deposits to the gold reserve. The gold reserve or monetary base grew by small annual increments which were not, however, correlated exactly with the long term rate of growth of the world's trade and production. Nor were the required reserve ratios altered by any coordinated system such that the supply of money of all kinds, including bank deposits and currency, grew in any such correlation. Within the monetary system, even in peace times, there were from time to time inflationary and deflationary influences due to the lack of such correlation. True interest costs were from time to time greater or less than apparent interest costs, not only by reason of cyclical influences, but also by reason of the lack of correlation mentioned above.

The nature of the differences between true interest costs and apparent interest costs may be illustrated most clearly by the following extreme considerations. If our government, instead of maintaining money rates at such a level that its bonds may be sold to return 2.50%, financed itself by the issuance of irredeemable currency at no apparent interest cost, experience has abundantly proved that it would then be impossible to attract permanent savings into such paper. Those who received it would rush to spend it at the earliest possible moment. It would be impossible to make price ceilings and rationing effective. Prices would rise very strongly, and the cost of war, on the same physical scale as now, would rise rapidly in an ever ascending spiral in terms of dollars. Although the government would appear to pay no interest cost, there would be concealed in this far more rapidly ascending spiral of prices and costs of the war, a very heavy interest charge. Experience in innumerable cases has clearly shown that of all the means of paying the cost of a war, the issuance of irredeemable paper is by far the most costly, not only in respect of direct expenses, but also by reason of the terrific distortion of the complex net work of economic interrelationships, and the greatly increased difficulty of restoring active business conditions after the war. It is also the most inequitable means of financing a war. Even under present conditions the same basic factors are at work, as they always have been in war-time, but at a very much slower rate than would be found, if we were financing war by irredeemable paper.

High money rates are not an effective means of controlling over expansion of bank deposits and currency in circulation during a war, because the rate of government expenditures and resulting government borrowings which cause such over expansion are determined by military necessities, and not by the cost of borrowing. No one can tell with absolute certainly whether or not the present rate of 2.50% is the best rate, or 3.50%, or something between, would be ideal. But it is rather certain that it is within this range, and present rates appear to reflect the ideal in a close enough approximation to give better results, in combination with price ceilings and rationing, than have ever been attained before, in financing a war of this relative magnitude. It is also probable that something approximating present policies will be necessary for a time after the war.

But it should be remembered that such policies are designed for a specific purpose — a purpose which is unusual, and of an emergency character. It does not follow that they can be taken as an expression of ideals for more usual peacetime conditions. For such purposes, many considerations must be taken into account, which in wartimes have to be waived. Without doubt there is a natural appropriate level of interest rates which expresses the correct relativity between the demand for savings and the supply thereof. Although it is possible at times to say with some assurance that a higher or lower interest rate would be more appropriate to any given conditions than some other interest rate, he would indeed be bold who believed that he could determine the proper true interest rate by any statistical process either at any particular time or as an average for a particular period. Because of cyclical variations in trade and production, and for other reasons, it is probable that the natural or true interest rate must be conceived to be a rate which reflects a combination of influences, some of a temporary nature and others of longer term; and it is probable that actual money rates tend to fluctuate around the true interest rates under usual conditions. Under abnormal circumstances actual rates may for a long time be very different from true rates.

The level of actual interest rates has a bearing on the existing valuation of capital assets. If such rates are low enough for a long enough period of time, it is conceivable that the market value of capital assets, which is much greater than the value of any year's production and trade, may become grossly inflated.

Interest rates also have a bearing on profits, because the ability to borrow cheaply may lead to such over-expansion of plant by borrowing as to reduce the whole profit level, or difficulty in borrowing, because of high rates, may inordinately restrain expansion and tend to make necessary a wider margin of profit.

Interest rates may have a bearing on commodity prices. Low rates may stimulate the borrowing of excessive sums to buy inventories on a speculative basis, and thus cause price and wages to advance. High rates may at times restrain price rises or tend to cause them to go lower.

Money rates, therefore, exert a powerful influence on many economic interrelationships, of which we have mentioned only a few in a very incomplete and imperfect manner. Experience has amply shown that none of these influences can be precisely evaluated, especially in advance. None of these influences is a constant, and money rates are only one influence among many affecting the business situation. Much thinking concerning monetary matters tends to be over-simplified and unrealistic, either because it gives too little weight to the variable nature of the influence of money rates, or because it fails to give due weight to other factors in the business situation. It is clear enough that a centralized effort to direct the course of money rates according to any theory which attempts thereby to manage the level of commodity prices or the degree of business activity in specific terms and at specific times, partakes of the nature of other attempts to run the price level, the wage level, or other economic factors according to the ideas which some limited group feels for one reason or another to be desirable, rather than to permit money rates to express natural forces which are in turn the expression of complicated personal desires of people acting as individuals. Although such a centralized effort to run money rates may be useful for financing the war, or in special emergencies for the purpose of mitigating gross and obvious forms of maladjustment or distortion of economic interrelationships, it is virtually certain that it will not succeed over a period in normal or usual times, but will serve rather to distort normal economic or business interrelationships, because it necessarily connotes the exertion of influences the effects of which cannot be accurately measured or forecast, and because the tool is not a good one for the job.

Even when applied to the gross maladjustments of the 1930s, such measures did not work very well. So far as one not a member of the inner circle on monetary affairs can ascertain, no specific limit in principle or theory then existed to the extent to which the aggregate volume of bank deposits and currency in circulation were to be increased by governmental deficit financing, unless perhaps the appearance of a rise in the general price level, so strong as to be definitely inflationary, was conceived by the inner circle to set the limit, and call for a reversal of policy; or unless some preconceived increase in the degree of business activity, or a combination of both, was to be the signal that the limit had been reached. No outsider knew for sure, and perhaps even the inner circle had no clear or well formulated idea of any limits. The policies pursued appear to have resulted in an increase in the aggregate volume of bank deposits and currency in circulation which was greater than the projected long-term rate of growth of such aggregate in the past years subsequent to the first world war, and also greater than a similar projection of the long-term rate of growth of trade and production. This aggregate was, therefore, expanded somewhat out of relation to what might be considered a reasonable conception of their proper long-term growth. Consequently, bank deposits turned over at an abnormally low rate.

Trade and production did not respond to these monetary acts fully. All of the reasons may not be fully ascertainable, but some of them were the following:

1. The absence of any well understood limits to the continuation of deficit financing and the expansion of the aggregate volume of deposits and currency created uncertainty in the minds of business men. They felt that they could not tell what the future held forth and plan properly for it. This uncertainty found expression in the speed and degree of the sudden recession of late 1937 and early 1938, a period during which many strong companies lost money for the first time in the whole depression of the 1930s.
2. A collateral effect of relief measures, make-work projects, labor policies, and increasing governmental debts, invoked with the right hand, was the imposition with the left hand of increased penalties on business success in the form of greatly increased graduated taxation. Although the absolute levels of such new penalties and added costs were in themselves restraining factors, the absence of any visible limits to their still further expansion was still more restrictive.
3. The actual incidence of the expenditures made by government, and the persons who received the money, both on the original and subsequent turnovers thereof, were different than they would have been had the expenditures arisen from normal trade recovery. Such expenditures were less likely to represent the resumption of activity at economically strategic points than corresponding expenditures arising from private activities.
4. The expenditures were very generally made for enterprises which were in whole or in part free of taxation, and which were seldom designed to operate on a fully self-sustaining basis when all costs, including an allowance in lieu of taxation, were considered. They frequently caused the removal of private property from the tax rolls, and the burden of the loss of taxes was thrown back on other property owners. In a word, some sort of subsidy, direct or indirect, was involved, and consequently, they tended to add to the general overhead burden of government instead of making a contribution to it. Thus they tended towards an ever ascending spiral of deficits, governmental overhead burden, and tax penalties.
5. Some government projects competed directly or indirectly with private enterprise.
6. Some were constructed under regulations which established rates of pay or other conditions out of line with local conditions.

It is reasonably clear that measures of this sort which do not result from a careful consideration of practical detail, as well as of general theory, are not likely to produce very effective results.

The use of governmental projects to stimulate business in depressions may enjoy limited success at times in the future, but they will be a really effective stimulant only if they meet the following conditions:

1. They do not compete with private business and discourage its expansion.
2. They supply a service for which a toll or other direct charge can be made which enable them, not only to carry all costs which private enterprises commonly bear other than taxes, but also to make payments to the government in lieu of the taxes which a private enterprise would pay, and something by way of a profit to the government, as a contribution to the general governmental war and other overhead, thus reducing rather than increasing the penalties on private industrial success.
3. They are so designed with respect to many other details as to contribute to normalcy rather than to create conditions which are untenable in the future, unnatural, or uneconomic.

Projects which do not fulfill these requirements add to the general overhead of government, and contribute to the establishment of unnatural economic interrelationships. The projects which can fulfill these requirements are limited in number, but they do exist. Toll express highways and toll bridges are notable examples of projects which could be set up to meet these requirements. Housing projects could be redesigned to meet them.

There are unavoidable construction activities of government which are paid for by way of the general overhead, but which might conceivably be timed in part in such manner as to be of assistance in recovery from depression, but experience seems to indicate that the timing will not be notably satisfactory. Expenditures which may be necessary to keep body and soul together under especially adverse conditions will add to the general overhead, and cannot be honestly alleged to be effective business stimulants. They must rather be justified on humanitarian grounds, and regarded as a necessary burden. It is always customary to cite the indirect benefits attributable to governmental enterprises as a justification for them. There are also indirect benefits from enterprises which directly carry themselves, public and private, and from all production activities. When we get into the realm of indirect gains, we are too far from the direct and tangible results which alone are effective stimulants to the upward movement of the business cycle.

Just as the character of the government projects which will be really effective business stimulants is limited by practical considerations of their actual application in real life, so, too, the realistic effectiveness of deficit financing and low money rates is limited. If such financing results in an undue increase in governmental borrowing, in the distortion of the relationship between the aggregate volume of deposits and currency in circulation to other factors, in the distortion of capital values to other conditions, in a spiral of ever-increasing governmental overhead expense and penalties on success, and, perhaps, in the distortion of other economic factors, then it will do more harm than good. On the other hand, a few moderate deficits in years of

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especial adversity will not be harmful.

As we have previously indicated, the success of the measures taken to stimulate business in the 1930s was far from outstanding. Throughout the entire decade, business never showed sufficient vitality to produce even a normal demand for capital, and it was the only decade in our history in which our aggregate production showed no appreciable net gain, even if the most optimistic revised indices are used. To some extent at least this was an aftermath of the policies of the 1920s. But it seems clear enough that the policies of neither period were ideal. In both, we operated the money system according to theories very different from those behind the gold standard, and very largely according to the course of commodity prices and the degree of business activity. The relations among the aggregate volume of bank deposits and currency in circulation, money rates, commodity prices, and the degree of business activity are obviously not clear, definite, fixed and uniform. They are variables. An attempt to govern specifically such sensitive, volatile, and rapidy moving business factors as prices and the degree of business activity by influencing the course of such a slow factor as the aggregate volume of bank deposits and currency in circulation through money rates, or through money rates and deficit financing, is obviously doomed to failure at the start. A principal result of these abortive efforts to do the impossible was very naturally the creation of distortion within the money system itself and in its relation to other factors. This distortion in turn communicated itself to other factors, and found expression in the 1920s in a gross distortion of capital values, and the creation of vast amounts of unsound credit against them. Not only security values, but the values of real estate and other capital assets were affected. Over-optimistic credits were also created in the foreign field. The readjustment of these abnormalities was very painful. In the late 1930s the aggregate volume of bank deposits and currency in circulation was again distorted on the high side, this time by the abnormal creation of governmental credits. Such credits having been of a less volatile nature than the credits created against capital values in the 1920s, and war having come along, we cannot say on the basis of the subsequent history of this particular period, what the ultimate result of this development would have been had peace continued, but it is a safe inference from many other historical precedents that if any end to the constant additions to penalties on success could have been seen, business activity and prices would ultimately have advanced in a strong and disorderly manner, in part upon the basis of new borrowings, and in part upon the basis of a mere resumption of a normal rate of turnover of the abnormal volume of bank deposits then already created. It is also a safe inference from historical precedent that a disorderly advance will be followed by a disorderly recession. These policies would, therefore, have sent us around the same old circle of ups and downs, but in intensified degree.

The net conclusion from these observations of the limitations of present financial policies and those of the 1920s and the 1930s is that the pre-1914 gold standard produced better results on the whole in peace times than the managed money theories of later date, in spite of the fact that it was too inflexible to meet the post high point of the cycle demand for credit and, therefore, at times produced money panics of short duration, and in spite of the fact that the gold reserve did not grow in exact correlation with the average rate of growth of trade and production, and consequently appeared at times to exert minor restrictive or moderately overstimulative influences. Subject to these minor qualifications which are capable of easy correction, its fundamental concepts were deeper and more in accord with the realities of life in peace time than were the later policies. These fundamental concepts, as I interpret them, were as follows:

1. The existence of a monetary gold base which grows by small annual increments. As noted above, the growth of this base was not correlated exactly with the average long rate of growth of trade and production, but was influenced by the rate of discovery of gold and the use of gold in the arts. Nevertheless, it provided well understood limits to both expansion and contraction of credit. It was known that annual changes would be small, and that altogether inordinate changes during any short period, or even over the years, were most unlikely. Consequently, it provided a basis for forecasting and inspired confidence.
2. It provided a means by which minor maladjustments in international accounts could be settled without the extension of credit.
3. It provided a means by which the prices of international commodities, and the conditions of their production in various countries could be kept in reasonable alignment.
4. It unconsciously recognized the limitations of the accomplishments possible in peace times by any money management. That is to say, it provided for more or less automatic easing of money rates in inactive periods, and for more or less automatic firming of them in the event of over expansion of current credits, but it did not seek to govern prices or the degree of business activity in specific terms at specific times—that is to do what it is impossible to do by means of any monetary management. Consequently it had a rather higher degree of success in avoiding distortion within the money system than our later policies. Reactions were consequently of shorter duration and less severe, when the old gold standard system was in operation.
5. It also unconsciously gave some recognition to the existence of a true or natural level of interest rates. It did this none too perfectly, but, nevertheless, far better than policies which distort the aggregate volume of bank deposits and currency in circulation, and the level of interest rates pending the development of certain preconceived price changes, or the attainment of a specific degree of business activity, or some combination of the two, which are to be ascertained in quantitative terms by no known or clearly understood standards or principles and which disregard all influences of money rates upon other factors such as their influence upon savings and capital values.

Upon the whole, the pre-1914 gold standard was for ordinary peace times more satisfactory, and based upon a deeper and fuller consideration of realities than the peace time policies of later years. The defects of the system for peace time use were merely (1) that the growth of the basic gold reserve was left to chance, and was, therefore, subject to the unpredictable, though not radical, influence of changes in the rate of gold discoveries, and (2) a lack of flexibility in the matter of meeting the peak demands for credit and currency which arise for a short time after the business cycle begins to turn down from a peak—a defect which produced money panics of short duration from time to time, less damaging, however, than the bank troubles of 1930s. Even the first defect was less disturbing than the errors of policy in the 1920s and 1930s and neither of these defects of the old gold standard system is insuperable. Our gold reserve could be segregated into two categories, one of which would serve as the reserve base of the domestic bank deposit and currency structure; and the other as a pool of gold from which annual increments could be made consciously to that portion of the gold which would serve as the reserve base, and from which gold exports and other withdrawals would be made, and to which gold imports, new production and other payments of gold would be added. It is a relatively simple matter to work out an arrangement, whereby paper could, if necessary, be substituted in part for gold in that portion of the gold which would serve as the reserve base of the domestic bank deposit and currency structure, so that this reserve base could be kept growing in accordance with the average long term rate of growth in our trade and production for an indefinite period irrespective of the actual rate of gold discoveries; or if such discoveries were too large a portion thereof could be added to the non-reserve or depositary gold fund for an indefinite period. By the use of a uniform and low reserve requirement for member banks, the supply of gold would be found adequate to inaugurate and continue operation of this system. Reserve policy would then be expected to keep the departures of the line of growth of the volume of member bank reserves from the line of growth of the reserve gold base within reasonable limits. This set-up would also give a greater degree of flexibility in the matter of gold exports and imports, which could take place in the period of readjustment after the war without disturbing the course of domestic money policy.

The second defect of the old gold standard system as operated in this country—the lack of flexibility to meet post peak special demands for credit would be cared for by the present rediscount and open market provisions.

We would then have the old gold standard system scientifically redesigned, and connoting monetary policies based on broader, sounder, and more basic considerations than those followed in the years of peace since the first World War. It would not seek to govern the degree of business activity or the course of commodity prices specifically—which is beyond the capacity of any monetary system. But it would seek to avoid distortion within the monetary system itself, particularly in the following respects:

1. In the aggregate volume of bank deposits and currency in circulation, or quantitative distortion in monetary factors in relation to the long term rate of growth of trade and production.
2. In the quality and amounts of credit extended for various purposes, by better education of bank management, but not by centralized control—that is to avoid qualitative distortion of the money system.
3. In the relation of money rates to factors other than the degree of business activity and commodity prices. That is to say, it would seek to provide a means by which true interest rates could express themselves, thus avoiding distortion in the valuation of capital assets, the rate of saving and other economic relations. The feature would be a natural corollary of 1. and 2.

It is, of course, obvious that neither the revised gold standard system nor any other well conceived money system or policy can operate effectively unless government finances are sufficiently in balance and under control, so that the exigencies of government finance do not upset it. It is also necessary to point out that the system outlined would involve undertaking the stabilization of the gold supply used as the reserve base of the domestic bank deposit and currency structure, which might tend in time to produce some stabilization of gold as a reserve base for other countries. Helpful as would be the additional flexibility, which the system would provide with respect to the size of the gold exports and imports which could be made without disturbing the domestic monetary situation, it cannot be said that this single measure would by any means solve all the collateral problems of international finance after the war. In spite of this increased flexibility, the broader aspects of those problems would still remain. Some ideas on these international problems have been in other articles in the "Chronicle." In addition to the means previously suggested for maintaining a degree of order in the solution of these broader problems, it is believed that the increased ability to export and import gold without domestic disturbance could be positively used to good advantage in bringing about more orderly conditions in the world, but it should not be used without regard to reasonable limitations to be imposed by policies with respect to international credits and other aspects of our international dealings. It is presumed that we would take care through these other controls that in providing flexibility in the international gold supply during the period of post-war readjustment, we did not either take in everyone else's gold in exchange for our merchandise, or deplete our aggregate gold supply beyond all reason.

The monetary set-up and policy suggested herein were once put forth in printed form in a pamphlet under the title "Proposal for a Two Fund Gold System", which encompassed many more details than are covered herein. Criticism indicated the conceptions stated therein and herein were thought by many to connote a merely statistical or arithmetical administration of monetary policy, even though it was made abundantly clear in the pamphlet that this was not so. It cannot be claimed that giving primary weight in reasonably normal peace times to the rate of growth of bank reserves, and endeavoring to produce over a period a reasonable coordination of the rate of growth of such reserves with the long term rate of growth of our trade and production, rather than governing reserves so extensively by the current temporary course of commodity prices and business activity necessarily involves a mere statistical or arithmetic approach to money policy. Naturally after an era of war time inflation one would not expect to begin with a pre-war base, but with one which reflected the current situation. Nor can one say that in considering whether the growth in bank reserves was reasonably in accord with the long term rate of growth of trade and industry, no consideration should be given changes in habits or customs, or any other factors, if any, which might permanently change the usual relation of the volume of bank deposits and currency in circulation to the volume of trade and business. Nor does the expression of these thoughts as to money policy in broader language, as the principle of avoiding qualitative and quantitative distortion within the money system, connote a final determination of money rates or the volume of member bank reserves by any purely statistical or arithmetical process. Lord Keynes has well said that economics is an art not a science. The conversion of the principles set forth into specific terms of concrete action would require the highest skill, experience and judgment, if it is to be well done. The objective is not to preclude consideration of any of the economic evidence or influences which have been used in connection with the formulation of money policy in the past, or to set forth a single simple formula by which all problems of the future may be solved, but rather to reorient and readjust the relative weights which have been assigned to various considerations in the past, in order to attain better overall results, and to avoid the danger of producing general economic disturbance rather than mitigating it. It must be self-evident that even the policies suggested herein may at times be impossible to carry out perfectly. The avoidance of extreme qualitative distortion might, for example, make some slight departure from the objective of avoiding quantitative distortion necessary in the direction of restricting credit more firmly for the moment than would otherwise be the case. But such difficulties should be easily met with a little common sense in the application of the principles set forth. Nor was it meant to infer that the specific detailed machinery suggested in the pamphlet was necessarily the best that anyone could devise to attain the same objectives. If they can be attained in a better way, that is all to the good. The main point is to avoid distortion of the money machinery by attempting to use it for purposes for which it cannot be successfully used, or by operating it according to theories which fail to give due weight to all the direct and indirect effects of monetary actions, and to devise changes which will facilitate the attainment of this objective.

It is almost self-evident from the record that the course of monetary policy in the peace times following the first world war was not ideal, and that it concentrated its attention too exclusively upon unattainable temporary objectives, because it sought to govern the course of business activity and commodity prices, which are volatile, through its influence on the volume of member bank reserves, which is a slowly moving affair, the course of which is generally gradually upwards, and which can be moved upward with ease, but can be very much contracted only with disturbing results. It may well be that those who governed money policies during those periods will deny that they sought to govern the course of commodity prices or the degree of business activity by such means. But they cannot deny that they governed their own monetary actions chiefly by these two considerations, which amounts to the same thing in practice, and is only a play on words. Fundamental policy to be successful over a longer period must be based upon a broader, deeper, and more realistic consideration of the practical possibilities of the influences of monetary factors, than the temporary and immediate course of commodity prices and business activity alone. The gold standard system in the pre-1914 era, in spite of its limited defects, was based upon such considerations, and its defects can be easily removed, so far as peace-time operation is concerned, in the manner herein

Industrial Activity Continued Slight Decline In July Federal Reserve Board Reports

The Board of Governors of the Federal Reserve System in its summary of general business and financial conditions in the United States, based on statistics for July and first half of August, stated on Aug. 26 that: "Industrial production and employment declined slightly further in July. Wholesale commodity prices generally continued to show little change, while the cost of living increased somewhat," said the Board's announcement, which went on to say:

"Output at factories and mines continued to decline slightly in July and the Board's seasonally adjusted index was 233% of the 1935-39 average as compared with 235 in June. The decrease in industrial production largely reflected small declines in a number of industries due to continued minor readjustments in the munitions program and to manpower shortages.

"Output of steel and of nonferrous metals declined further in July to levels respectively 8% and 20% below the high levels of last autumn. A small decrease in activity in transportation equipment industries reflected partly the indirect effects of manpower shortages in foundries and continued readjustments in the shipbuilding and aircraft industries. In August a cutback in aircraft production was announced which was expected to result in the immediate release of 20,000 aircraft workers and the gradual release of 100,000 more during the balance of this year.

"Production of manufactured dairy products and meats, after allowance for seasonal change, was maintained in July while output of other food products declined slightly. Cotton consumption showed little change from the rate of the last two months. Activity in the rubber products industry continued to decline slightly in July and supplies of heavy truck and bus tires available for civilians during the third quarter were substantially below estimated needs. Output of chemicals likewise continued to decline slightly.

"Crude petroleum output and metal mining were maintained in large volume during July. Coal production dropped 5% from the level of the preceding month, but for the year through Aug. 12 was approximately 8% above the corresponding period of last year, reflecting uninterrupted operations, longer working hours, and a great expansion of strip mining.

"So far this year the value of construction contracts awarded, as reported by the F. W. Dodge Corp. for 37 States, has fluctuated around 160 million dollars a month—the lowest level since early 1935.

Distribution

"Department store sales declined considerably less than is usual in July, and have continued in August at a higher level than a year ago.

"Freight carloadings continued to rise in July and were maintained at a high-level during the first two weeks in August. There were considerable increases in shipments of grain, forest products, and miscellaneous freight, offset partly by a small decrease in coal shipments.

Agriculture

"Dry weather during July in the East Central area has reduced somewhat national prospects for corn, hay, and potatoes. Aggregate crop production, however, is likely to exceed last year by 5%, reflecting chiefly a record wheat crop 35% larger than last year.

"Total production of all feed grains is estimated at 112 million tons compared with 115 million tons produced in 1943. While hay production, except in the drought areas, has been large, it will provide a smaller supply per animal unit than has been available in any of the last six years.

"Crop prospects for most fruits and vegetables, except potatoes, are better than last year. Tobacco production is indicated as being above average and cotton yields may be good as dry weather has held the bollweevil in check.

Bank Credit

"In the five weeks following the close of the Fifth War Loan Drive, loans by banks for purchasing and carrying U. S. Government securities declined sharply; calls on war loan deposits and subsequent Treasury expenditures increased adjusted demand deposits and consequently required reserves; the rapid outflow of currency into circulation was renewed, and excess reserves declined.

"In the five weeks from July 12 through Aug. 16 loans to brokers and dealers for purchasing and carrying Government securities declined 500 million dollars to about the pre-drive level. Loans to others for purchasing and carrying Government securities declined about the same amount, but are still considerably larger than before the drive. Commercial loans continued to show little change.

"Treasury war-loan balances at all depositaries declined in the five-week period by 2.7 billion dollars. At weekly reporting banks, Government deposits fell by 2.2 billion during the same period and adjusted demand deposits increased by 1.4 billions. Time deposits continued the steady increase that has been in progress for more than a year.

"Following a slackened rate of outflow during the war loan drive, currency renewed its rapid outflow and in the next few weeks increased at a rate of about 500 million dollars a month. The resulting drain on bank reserves and the increase in required reserves were met in part by purchases of Government securities by the Reserve Banks and in part by a decline in excess reserves.

"Weekly average excess reserves of all member banks declined about 300 million dollars from their peak during the war loan drive and amounted close to 1.1 billion dollars in mid-August. The rate of decline was about the same at reserve city and at county banks."

Editor's Note: The Reserve Board's statistical indexes of business activity during July was given in Section 3 of today's "Chronicle", on page 972).

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indicated. Under such a system, we would in the worst eventuality be virtually certain to avoid radical monetary distortion, since the avoidance of such distortion would be its first objective, and all changes at any time made in the monetary base would be small and gradual. This in itself would establish a high degree of confidence in our business future and would be helpful. It would, therefore, represent a distinct forward step.

Bright Possibilities

Giant Portland Cement is a low-priced stock in an industry with a bright future and offers interesting possibilities, according to a circular prepared by Lerner & Co., 10 Post Office Square, Boston, Mass. Copies of this circular may be had from Lerner & Co. upon request and also a circular on Riverside Cement class A which the firm believes is an outstanding cement stock with a dividend arrearage.

OUR REPORTER'S REPORT

One seldom hears any complaint when business in a given line is good, but then it is the exception which proves the rule, to recall an old adage. Distributers of new securities, from the underwriters right on down through to the smaller firms which do the retailing, have not been too busy through the summer months now drawing to a close.

And they haven't been complaining too much about the relative scarcity of new offerings particularly through the August hot spell. But now things are beginning to look up and much business, in the way of new securities, is coming rapidly to a boil after a long sojourn on the back of the stove.

This would be welcome news ordinarily. The trouble, however, is that too many of the near-term issues are "bunched" closely together. Stock Exchange member firms are especially concerned, according to current gossip, and are reported to have approached Exchange officials to see what can be done to relieve the situation.

These firms operate under the strict rules of the Exchange and the Securities and Exchange Commission as they relate to capital employed, and it is likely that participation in a group marketing one issue might tie up a sufficient amount of their capital to keep them out of a participation in another undertaking at the same time.

There is expectation in some quarters that the Exchange authorities may approach the SEC with a proposal that it act to "space out" the marketing of the potential new issues so as to avoid any such jam, since it is conceded generally that "all hands" are needed pretty much these days to carry through an undertaking.

Six Issues in Two Days

As things now stand, the new issue calendar calls for the sale in open competition of six issues in two days early next month, namely September 11 and 12.

Since it takes several days to clear through the Securities and Exchange Commission, after a syndicate has successfully bid in a deal and, since participants in the winning syndicate must go "firm" on their share, capital involved would be tied up in the interim.

The largest of these undertakings is that involving $100,000,000 of refunders on which the Great Northern Railway will receive bids on Sept. 12.

On the same day the Connecticut Light & Power Co. will sell $10,000,000 of first and refunding 3s, due 1974; Pillsbury Flour will market an issue of $7,500,000 and Empire District Electric will sell $10,600,000 of bonds and 350,000 shares of common stock, the latter now held by Cities Service Power & Light Co.

Next Week Busy Period

In advance of the foregoing period, next week holds promise of a turnover well in excess of $100,000,000 in face amount.

The largest undertaking in that interval, that projected by Armour & Co., presents one of those increasingly rare occasions when the underwriters have acquired the securities involved through negotiation, rather than in competitive bidding.

This offering involves $65,000,000 of first mortgage 3¼% series E, sinking fund bonds, due Sept. 1, 1964, which will yield the company funds, along with $10,000,000 of bank loans and general funds, for the retirement of $76,365,000 of outstanding series B, C and D bonds. Marketing is now scheduled for next Thursday.

Meanwhile on Wednesday Birmingham Electric Co. will open bids for $10,000,000 new 30-year first mortgage bonds to provide for retirement of a similar amount of outstanding 4½s, and Western Union Telegraph's $24,600,000 refinancing will be on schedule on Tuesday.

Commonwealth Edison Co.

Spade work is reported well along on the huge refinancing program planned by the Commonwealth Edison Co. and its subsidiary, Public Service Co. of Northern Illinois.

This shapes up as one of the largest projects under the Truth in Securities Act, and may run to more than $150,000,000.

The companies are intrastate organizations, however, and unless the State Commission, or the SEC should order the business to open competition, it could as in the past turn out to be a negotiated deal.

Thus far no intimation has been forthcoming to indicate the attitude of the company in the matter, although in the past, its business has been negotiated directly with its own bankers.

Tomorrow's Markets Walter Whyte Says——

(Continued from page 886)

glasses, the view is bullish. Tape action confirms this practically all the way. Carrying this observation to its logical conclusion, there is nothing to do but to buy. Of course, buying cannot be indiscriminate. For even if the market looks higher there are still plenty of stocks which show nothing or lower prices.

* * *

Last week readers were told that the Dow industrials, then 149, would react to about 147 and then turn up again. Specifically, this was translated into individual stocks that looked higher and on the reaction could be acquired without chasing. Well, during the past few days, the average managed to go down to the figure previously mentioned. One day on a low it even reached 146.50. But, despite the setback, the stocks recommended didn't react in proportion. In fact, Bethlehem, which I advised as a buy at about 60, failed to get that low. Same thing was true for Crown Zellerbach, which was just under 20 last week. Purchase range was 18-18½. Low point, despite the reaction, was 19 and a low fraction.

* * *

You are still long of Bendix, 38½, now about 43. Stop remains 35. Lockheed was bought at 17 (now 17¼), stop 15. U. S. Steel came into the list at 58½, rallied across 60 and is now back to about where you bought it. Position remains unchanged. Stop stands at 55.

* * *

Allied Mills received its first recommendation here last week. It was to be bought between 29½ and 30½. During the past few days it sold down to 30. Stock seems on the verge of a good advance that should carry it up about five points. Stop in Allied Mills should be carried at 28.

* * *

Rails and rail equipments plus some of the specialty steels are beginning to act as if they are headed for higher levels almost immediately.

* * *

More next Thursday.

* * *

—Walter Whyte

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

Ayres Cites Problems Of Industry Involved In Reconversion

(Continued from page 883)

pleted articles. There will be many conflicting pressures in a part war-time and part peace-time business economy.

"These small beginnings of the reconversion of industry for peace-time production came into being only after a series of bitter controversies in Washington. The War and Navy Departments fought a long and losing battle against permitting even the beginnings of reconversion at this time. The stubborn tenacity with which the military services opposed any relaxation of controls emphasizes once more the necessity of having in this country in time of war a strong civilian agency like the War Production Board which can mediate between the long-term peace requirements of the nation and the short-term imperatives of the war."

In New Quarters

George R. Cooley & Co., Inc. announce the removal of their offices to 52 William Street, New York City. The telephone number, Whitehall 4-3990, will remain unchanged.

Trend Of Rail Earnings

McLaughlin, Baird & Reuss, 1 Wall Street, New York City, have prepared an interesting discussion entitled "Interpretation of Narrowing Trend of Rail Earnings Decline." Copies of this discussion may be had from the firm upon request.

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DIVIDEND NOTICES

THE ATLANTIC REFINING CO.

PREFERRED DIVIDEND NUMBER 34

At a meeting of the Board of Directors held August 28, 1944, a dividend of one dollar ($1) per share was declared on the Cumulative Preferred Stock Convertible 4% Series A of the Company, payable November 1, 1944, to stockholders of record at the close of business October 5, 1944. Checks will be mailed.

W. M. O'CONNOR
August 28, 1944 Secretary

At a meeting of Directors held August 22, 1944 in London, it was decided to pay on September 30th Interim Dividend of Ten Pence for each One Pound of Ordinary Stock free of tax. Coupon No. 194 must be used for Dividend.

All transfers received in order at London on or before August 29th will be in time for payment of dividend to transferees.

BRITISH-AMERICAN TOBACCO COMPANY, LIMITED
August 22, 1944

CALUMET AND HECLA CONSOLIDATED COPPER COMPANY

Dividend No. 49

A dividend of twenty cents ($0.20) per share will be paid on September 16, 1944, to holders of the outstanding Capital Stock of the Calumet and Hecla Consolidated Copper Company of record at the close of business September 2, 1944. Checks will be mailed from the Old Colony Trust Company, Boston, Mass.

J. H. ELLIOTT, Assistant Secretary.
Boston, August 24, 1944.

COMMERCIAL INVESTMENT TRUST CORPORATION

Common Stock, Dividend

A quarterly dividend of 60 cents per share in cash has been declared on the Common Stock of COMMERCIAL INVESTMENT TRUST CORPORATION, payable October 1, 1944, to stockholders of record at the close of business September 9, 1944. The transfer books will not close. Checks will be mailed.

JOHN I. SNYDER, *Treasurer.*
August 24, 1944.

DU PONT E. I. DU PONT DE NEMOURS & COMPANY

WILMINGTON, DELAWARE: *August 21, 1944*

The Board of Directors has declared this day a dividend of $1.12½ a share on the outstanding Preferred Stock, payable October 25, 1944, to stockholders of record at the close of business on October 10, 1944; also $1.25 a share, as the third "interim" dividend for 1944, on the outstanding Common Stock, payable September 14, 1944, to stockholders of record at the close of business on August 28, 1944.

W. F. RASKOB, *Secretary*

A. HOLLANDER & SON, INC.

COMMON DIVIDEND

HOLLANDER DYED FURS

A dividend of 25c per share on the common stock has been declared payable September 15, 1944, to stockholders of record at the close of business on September 5, 1944. Checks will be mailed.

Newark, N. J. Albert J. Feldman
August 28, 1944 *Secretary*

THE TEXAS COMPANY

168th Consecutive Dividend paid by The Texas Company and its predecessor.

A dividend of 50¢ per share or two per cent (2%) on par value of the shares of The Texas Company has been declared this day, payable on October 2, 1944, to stockholders of record as shown by the books of the company at the close of business on September 1, 1944. The stock transfer books will remain open.

L. H. LINDEMAN
July 28, 1944 *Treasurer*

DIVIDEND NOTICES

Allied Chemical & Dye Corporation
61 Broadway, New York

August 29, 1944

Allied Chemical & Dye Corporation has declared quarterly dividend No. 94 of One Dollar and Fifty Cents ($1.50) per share on the Common Stock of the Company, payable September 20, 1944, to common stockholders of record at the close of business September 8, 1944.

W. C. KING, *Secretary*

UNION CARBIDE AND CARBON CORPORATION

UCC

A cash dividend of Seventy-five cents (75¢) per share on the outstanding capital stock of this Corporation has been declared, payable October 2, 1944, to stockholders of record at the close of business September 1, 1944.

ROBERT W. WHITE, Vice-President

Realty Sales By Life Insurance Companies In Past 12 Months

More than $340,000,000 of real estate has been sold by the U. S. life insurance companies in the past 12 months, according to the Institute of Life Insurance in a release made public on Aug. 29 and which also said:

"The properties now under contract of sale amount to $200,000,000, making an aggregate of $540,000,000 either sold outright or under contract of sale. Of this, $250,000,000 represents farm properties and $290,000,000 urban properties, chiefly homes and apartment buildings.

"This has reduced the three billion dollars worth of real estate taken over by the life insurance companies under distress conditions during the depression to present holdings of approximately $950,000,000. The more than two billion dollars worth sold was largely rehabilitated and improved to community standards before being returned to individual ownership."

Jac. Ducornau Joins White Hattier Sanford

NEW ORLEANS, LA.—Jac. P. Ducournau has joined the partnership of White, Hattier & Sanford, Whitney Building. Mr. Ducournau has been in business as an individual, specializing in Louisiana and Mississippi municipal bonds, for many years.

Public National Attractive

Stock of the Public National Bank & Trust Co. of New York offers interesting possibilities for investment, according to a memorandum issued by C. E. Unterberg & Co., 61 Broadway, New York City. Copies of this memorandum outlining the situation may be had upon request from C. E. Uuterberg & Co.

Interesting Canadians

Charles King & Co., 61 Broadway, New York City, members of the Toronto Stock Exchange, have prepared a list of interesting post-war equities in Canadian Gold Shares. The list of dividend payers, and prospects in promising areas may be had from the firm upon request.

US Place In World Economy Topic Of Conference Series To Be Opened by NYU

The Institute on Postwar Reconstruction at New York University will open a series of weekly conferences beginning September 27 on "America's Place in the World Economy," Dr. Arnold J. Zurcher, director of the Institute, has announced.

Among the economists, social scientists, and public officials who will participate in the conference are Dr. Herbert Feis, formerly consultant on economic problems in the State Department and an authority on international finance; Dr. Corwin D. Edwards, expert on cartels, until recently attached to the State Department; Dr. John B. Condliffe, economist on the faculties of Yale University and the University of California and author of "Agenda for the Postwar World."

Also, Dr. Marcus Nadler, Assistant Director of the Institute of International Finance; Harry D. White, head of the United States delegation at the Bretton Woods Conference and author of the "White Plan for Currency Stabilization;" Dr. Henry Pratt Fairchild, population expert; and H. W. Chamberlin, former Moscow correspondent for the "Christian Science Monitor" and author of many works on the Russian economic system.

Individual meetings will consider such questions as America's international economic policy, the future of the nation's foreign trade, the investment of American capital abroad, the gold standard, the possible use of stabilization funds and an international bank, immigration and world population movements, and international cartels and private trade agreements.

Senators Say Lend-Lease Should End With War

That Lend-Lease aid to other countries must be brought to an end at the close of the war, was the view expressed on Aug. 24 by top-ranking members of the Senate's Foreign Relations Committee, said Associated Press dispatches from Washington on that day, which also had the following to say:

Chairman Connally, Democrat, Texas, and Senator George, Democrat, Georgia, who piloted the lend-lease program to Senate passage during his chairmanship of the comittee, shared belief that its use is limited strictly to military and defense measures.

George said he thought the implications of President Roosevelt's message yesterday submitting a quarterly lend-lease report to Congress was "exactly in accord with my concept of lend-lease."

"The underlying basis of the lend-lease program is the defense of this country providing for aid to those countries whose defense is vital to our own."

The President asserted that "until the unconditional surrender of both Japan and Germany," the United States should continue lend-lease "on whatever scale is necessary to make the combined striking power of all the United Nations against our enemies as overwhelming and as effective as we can make it."

Without commenting on the President's language, Connally told a reporter:

"Lend-lease was a military and defense measure. When the war with Germany and Japan comes to an end, lend-lease should be terminated."

Gallup Poll Attacked By Dem. Committee

The Democratic National Committee on Aug. 27, made an attack on the "validity" of the Gallup poll said a dispatch from the "Herald Tribune" Washington office on Aug. 27, which added:

The attack came as a surprise to Washington observers because the Aug. 22 poll showed President Roosevelt leading in 28 States having 286 electoral votes and Governor Thomas E. Dewey in 20 with 245 electoral votes.

Ignoring the fact that the poll gave President Roosevelt the overall lead, the national committee's "weekly clip sheet" took the poll to task because, according to the sheet, it showed that Mr. Dewey "is sweeping the Middle West, is vastly in the lead in the mountain States and has New York and Pennsylvania in the bag."

The national committee called it a "curious coincidence" that in Aug., 1936, the same poll showed Governor Alfred M. Landon leading with "271 electoral votes against Roosevelt's measly 259 votes." whereas Mr. Roosevelt won in Novmber in a landslide. It also castigated the poll for showing in August, 1940, that States with 304 votes "leaned" toward Wendell L. Willkie while only 227 "leaned" toward Mr. Roosevelt, whereas the November vote gave Mr. Roosevelt 449 electoral votes and Mr. Willkie 82.

Referring to the poll's manager as "the crystal ball prognosticator," the committee said:

"Everybody is entitled to his own deduction as to the reason for this alleged scientific poll's showing the Republicans always in the ascendancy — and a last-minute shift in the stories to bring them within shooting distance of the ultimate result."

The New York World-Telegram of Aug. 28 stated that:

Directors of the Gallup poll, defending the validity of their poll against attacks by the Democratic National Committee, said today that experience had shown that criticism of the poll was to be expected from either Republicans or Democrats, "depending on which side our poll showed in the lead."

Pointing out that the Democratic Committee had chosen to ignore President Roosevelt's current ascendancy in the poll, the Gallup directors charged that the Democrats had misread the results of the latest Gallup report last Wednesday, the report which found the President leading in 28 States with 286 electoral votes, against 245 electoral votes in 20 States for Gov. Thomas E. Dewey, his Republican Presidential rival.

In refutation of the Democratic Committee's claims that the poll had shown Gov. Dewey "Sweeping the Middle West, vastly in the lead in the Mountain States and with Pennsylvania and New York in the bag, the Gallup directors, referring to their last Wednesday report, declared in a statement issued from their local editorial offices:

"We should like to point out for the record that our first published report on the 48 States, released last Wednesday, showed President Roosevelt ahead. Also Mr. Dewey was not shown 'vastly in the lead' in the Mountain States. The poll put five of the eight Mountain States in Mr. Roosevelt's column, three in Mr. Dewey's. As for New York, the poll reported Mr. Dewey leading there with 52%. That is hardly 'in the bag' for him.

"Moreover," the statement stressed, "the poll showed Pennsylvania leaning Democratic, not Republican as the Democratic Committee declares."

The Gallup statement was issued by its editorial offices here in the absence of Dr. George Gallup, who is in Canada.

J. A. Krug Acting Chairman Of WPB

Lieut. Commander J. A. Krug, was appointed on Aug. 25 by President Roosevelt as Acting Chairman of the War Production Board during Donald M. Nelson's absence in China.

Mr. Krug was appointed head of the Power Branch of OPM in June, 1941, and held the same position with WPB until he became Deputy Director General and head of the Distribution Bureau in August, 1942. He was appointed director of the Office of War Utilities in the early part of February, 1943, and later that month was also appointed Program Vice-Chairman, which positions he held until April, 1944. He left the WPB to accept a commission as Lieut. Commander in the United States Navy, where he was attached to the Office of the Under Secretary of the Navy.

Attractive Situations

Durez Plastics & Chemicals and Hotels Statler offer attractive possibilities according to descriptive circulars issued by Doolittle, Schoellkopf & Co., Liberty Bank Building, Buffalo, N. Y., members of the New York Stock Exchange. Copies of these interesting circulars may be had from the firm upon request.

Taxes And Reconversion

Hirsch, Lilienthal & Co., 25 Broad St., N. Y. City, members of the New York Stock Exchange and other exchanges, have prepared an interesting study of taxes and reconversion. Copies may be had from the firm upon request.

Wall Street

New York has a Canyon that's narrow and deep,
That's just wide enough for one little jeep.
Oh this was a cow path, old-timers will tell,
A pasture and field with farmhouse and well!
Then cattle were grazing, so quiet and still,
No one was about on valley or hill.
But all this is diff'rent, the years brought a change,
And thousands are rushing now over this range.
From Jersey, from Newark, from Brooklyn, from Queens,
Disgorged by the subway in colorful streams.
While the walls of this canyon are towering high,
It's not scenic beauty that draws people nigh.
It's stocks and it's bonds, it's hectic trading—
The bulls are still here, but the cows are fading!
New York has its wolves and "The Street" has its bears,
As you may find out when buying your shares!
The farmer has left, but there's still that old hick
Will buy Brooklyn Bridge or any gold brick!
The yachts and the cars and the once private trains
Have gone for duration just like the planes
That brought all those famous, those fabulous men,
The tycoons to business again and again.
So gone is the farmer from that winding street,
Re-echoing now with thousands of feet.
While telephone bells and while buzzers jingle,
The teletype ticks, their noises mingle.
For this is the pulse-beat, the hum and the glow,
The glamorous life that makes Wall Street go!

—*E. Roberts Langenau.*

Calendar Of New Security Flotations

OFFERINGS

ARTLOOM CORPORATION has filed a registration statement for 100,000 shares of common stock (no par). Holders of common stock of record Aug. 28, 1944, are given the right to subscribe to the new common stock at $5 per share in the ratio of one share for each two shares then held. Rights will expire Sept. 11. Almost the entire net proceeds will be used to retire the company's preferred stock which it is estimated will require approximately $470.233, any balance will be added to working capital. Stroud & Co. are underwriters. Filed Aug. 1, 1944. Details in "Chronicle," Aug. 10, 1944.

BUFFALO BOLT CO. has filed a registration statement for 141,054 shares of common stock (par $1). Of the total 78,834 are to be sold for account of the company and 62,220 for account of certain stockholders. Company's proceeds will be used to augment working capital and for other corporate purposes. Offered Aug. 28, 1944 by Van Alstyne, Noel & Co., Doolittle, Schoellkopf & Co., Hemphill, Noyes & Co. and Schoellkopf Hutton & Pomeroy, Inc. at $6 per share.

CARRIER CORP. has filed a registration statement for 70,000 shares of cumulative preferred stock (par $50). Part of the proceeds will be applied to the retirement of $1,558,000 10-year 4½% convertible sinking fund debentures. Balance will be available for expenditures on plant or for other corporate purposes. Of the 70,000 shares registered, 66,506 were offered to the holders of common stock of record Aug. 16 for subscription pro rata at the rate of 16 shares of preferred for each 100 shares of common stock held. Subscriptions rights expired Aug. 25. Employees were offered not more than 10,000 shares at the same price during the same period. Of the 70,000 shares offered 54,196 shares were purchased by stockholders and 2,937 by employees. The balance (12,867 shares) were publicly offered Aug. 29 at $50 per share by Harriman Ripley & Co., Inc., Hemphill, Noyes & Co., The First Boston Corp., Kebbon, McCormick & Co., Lehman Bros., Merrill Lynch, Pierce, Fenner & Beane, Clark, Dodge & Co., Eastman, Dillon & Co., Hornblower & Weeks, and W. E. Hutton & Co. Filed Aug. 2, 1944.

DERBY GAS & ELECTRIC CORP. has filed a registration statement for an undetermined number of shares of common stock (no par). Proceeds are to be used in connection with the acquisition of the securities of the Danbury & Bethel Gas & Electric Light Co., from Cities Service Power & Light Co. Filed July 24, 1944. Details in "Chronicle," Aug. 3, 1944.

A total of 54,054 shares of common stock (no par) offered Aug. 20 at $20 per share by Allen & Co.

MISSISSIPPI POWER & LIGHT CO. has filed a registration statement for $12,000,000 first mortgage bonds series due 1974. Net proceeds from the sale of the bonds and $2,000,000 of promissory notes, together with such additional cash from general funds as may be required, will be used to redeem at 102½ the $15,000,000 first mortgage gold bonds, 5% series due 1957. The bonds will be sold under the competitive bidding rule of the Securities and Exchange Commission and names of underwriters will be filed by amendment. Filed Aug. 1, 1944. Details in "Chronicle," Aug. 10, 1944.

Bonds awarded Aug. 28 on bid of 103.52 as 3⅛s to White, Weld & Co., Shields & Co. and associates.

Offered Aug. 30 at 104.4877 and interest by White, Weld & Co., Shields & Co., Kidder, Peabody & Co., Hallgarten & Co., and associates.

NEW FILINGS

List of issues whose registration statements were filed less than twenty days ago, grouped according to dates on which registration statements will in normal course become effective, unless accelerated at the discretion of the SEC.

THURSDAY, AUG. 31

THE EDWARD G. BUDD MANUFACTURING CO. has filed a registration statement for 95,868 shares (no par) $5 cumulative prior preferred stock of which 60,000 shares are to be publicly offered and 35,868 are to be continued to be offered to holders of 7% cumulative preferred stock for exchange and the basis of 2 shares of $5 cumulative prior preferred for each one share of 7% cumulative preferred. Proceeds will be used to redeem that portion of the 7% preferred stock not converted to $5 cumulative prior preferred at 107.71 or $110 plus accrued dividends from Nov. 1, 1930. If there is no further exchange of 7% preferred the cost of redemption of 17,934 shares of such stock will be $3,725,071. Proceeds in excess of amount required to redeem 7% stock will be used for working capital. No underwriters named. Filed Aug. 12, 1944. Details in "Chronicle," Aug. 24, 1944.

SATURDAY, SEPT. 2

THE OLD STAR DISTILLING CORP. has filed a registration statement for 5,000 shares of $100 preferred stock, non-cumulative and non-participating. Price to public will be $110 per share; proceeds to company $100. Proceds will be used for construction of distillery, $250,000; working capital, $250,000. No underwriter named. Filed Aug. 14, 1944. Details in "Chronicle," Aug. 24, 1944.

SUNDAY, SEPT. 3

SOLAR MANUFACTURING CORP. has filed a registration statement for 90,000 shares of series "A" convertible preferred stock (par $5). Of the proceeds $575 will be used for additional working capital; $100,000 for mechanization of factory operations; $80,000 for readaptation of plant to peacetime operations. Van Alstyne, Noel & Co. are underwriters. Filed Aug. 15, 1944. Details in "Chronicle," Aug. 24, 1944.

MONDAY, SEPT. 4

THE MUTUAL TELEPHONE CO., HONOLULU, HAWAII, has filed a registration statement for 100,000 shares ($10 par) capital stock. Stock will be offered to holders of presently outstanding 500,000 shares of capital stock at par on basis of one share for each five held. Any stock not taken by stockholders will be sold at public auction. Proceeds for working capital. Filed Aug. 16, 1944. Details in "Chronicle," Aug. 24, 1944.

TUESDAY, SEPT. 5

THE NARRAGANSETT ELECTRIC CO. has filed a registration statement for $31,500,000, first mortgage bonds, series A, 3%, due 1974. Bonds will be offered at competitive bidding. Proceeds will be applied to redemption of outstanding series A, 3½% first mortgage bonds, due 1966. Filed Aug. 17, 1944. Details in "Chronicle," Aug. 24, 1944.

WEDNESDAY, SEPT. 6

WESTERN UNION TELEGRAPH CO. has filed a registration statement for $24,603,000 convertible debentures and an indeterminate number of shares of class A stock to be available for conversion. Subscription warrants will be issued to present holders of company's class A and class B stock entitling them to purchase $100 principal amount of the new debentures for each 5 shares of class A stock or each 8⅓ shares of class B stock held on a record date to be supplied by amendment. Proceeds plus whatever general funds are necessary will be applied to the redemption on Dec. 1, 1944 of $25,000,000 25-year 5% bonds at 105% plus accrued interest. Names of underwriters and interest rate to be supplied by amendments. Filed Ang. 18, 1944. Details in "Chronicle," Aug. 24, 1944.

ARMOUR & CO. has filed a registration statement for $65,000,000 first mortgage, 3¼%, sinking fund bonds, series E, due Sept. 1, 1964. Proceeds will be used together with $10,000,000 bank loans and general funds of company to retire outstanding $76,365,000 series B, series C and series D bonds at 105 and interest. Kuhn. Loeb & Co. are named principal underwriters. Filed Aug. 18, 1944. Details in "Chronicle," Aug. 24, 1944.

THE UTAH RADIO PRODUCTS CO. has filed a registration statement for $1,175,000, 10-year, 4½% convertible debentures and 146,875 shares ($1 par) common stock for issuance upon conversion of the debentures at any time prior to Sept. 16, 1954 at rate of 12½ shares of common for each $100 in debentures. Underwriters are Cruttenden & Co., $200,000; Bankamerica Company, $200,000; Mackubin, Legg & Co., $200,000; Paine, Webber, Jackson & Curtis, $100,000; A. G. Edwards & Co., $100,000; Dempsey-Detmer & Co., $100,000; The First Trust Company of Lincoln, $100,000; Kneeland & Co., $100,000; First Securities Co. of Chicago, $75,000. Common stockholders of record Aug. 24 are offered right to subscribe to the debentures in ratio of one $100 debenture for each 25 shares of stock at 103 plus interest from Sept. 15, 1944. Unsubscribed debentures will be offered to the public at the same price. Net proceeds, estimated at $1,159,029, are to be used for expansion purposes and as an addition to working capital. Filed Aug. 18, 1944. Details in "Chronicle," Aug. 24, 1944.

SUNDAY, SEPT. 10

GULF STATES UTILITIES CO. has filed a registration statement for 120,000 shares of $4.60 dividend preferred stock.

Address—362 Liberty Avenue, Beaumont, Texas; 340 Florida Street, Baton Rouge 2, La.

Business—Generates and sells electric energy.

Offering—To be offered in exchange for old $6 dividend preferred stock and old $5.50 dividend preferred stock plus an amount of cash (to be named by amendment) and accrued dividends. Net proceeds from sale of any new preferred not exchanged and from sale of 20,006 additional shares to be used (1) to provide cash required for exchange offer; (2) to retire $1,000,000 in bank loans; (3) for other corporate purposes.

Underwriting—Preferred not taken in exchange offer to be sold at competitive bidding.

Registration Statement No. 2-5457. Form S-1. (8-22-44).

MONDAY, SEPT. 11

PILLSBURY MILLS, INC., has filed a registration statement for 75,000 shares of cumulative preferred stock (no par).

Address — 608 Second Avenue South, Minneapolis, Minn.

Business—Flour miller.

Offering—Offering price, and interest rate to be filed by amendment.

Proceeds—For redemption of $4,475,000 first mortgage bonds, 3%, due Oct. 1, 1953, balance for working capital.

Underwriters—Goldman, Sachs* & Co., Piper, Jaffray & Hopwood.

Registration Statement No. 2-5458. Form S-1. (8-23-44).

TUESDAY, SEPT. 12

TEXTRON, INC., has filed a registration statement for $2,000,000, 15-year, 5%, convertible debentures. Debentures will carry detachable stock purchase warrants entitling bearer to purchase 40 shares of common stock for each $1,000 debentures at $12.50 to Oct. 1, 1945, $15 to Oct. 1, 1946 and $17.50 to Oct. 1, 1947. Debentures will be convertible into common stock on basis of 50 shares of common for each $1,000 debenture.

Address — 8-8 Turks Head Building, Providence 3, Rhode Island.

Business—The processing of synthetic yarns.

Offering—Offering price will be supplied by amendment.

Proceeds—$1,500,000 of proceeds will be used to purchase U. S. Government tax anticipation notes making general funds of company available for expansion of consumer products business and other corporate needs. In event stock purchase warrants are exercised proceeds will also be placed in company's general funds.

Underwriting—Blair & Co., Inc. and Maxwell, Marshall & Co. named underwriters.

Registration Statement No. 2-5459. Form S-1. (8-24-44).

CONNECTICUT LIGHT AND POWER CO. has filed a registration statement for $10,000,000, first and refunding mortgage, 3%, bonds series I, due 1974.

Address—36 Pearl Street, Hartford 1, Conn.

Business—Electric and Gas Company.

Offering—Price to be supplied by amendment.

Proceeds—Proceeds will be used to reimburse treasury for redemption on Sept. 1, 1944, at 106 of $7,000,000 first and refunding mortgage, 3½% bonds, series F, due 1966, and for purchase at 125 of an unspecified principal amount of the company's first and refunding 7% bonds series A, due 1951.

Underwrting—Putnam & Co. and Chas. W. Scranton & Co. are named underwriters.

Registration Statement No. 2-5460. Form A-2. (8-24-44).

WEDNESDAY, SEPT. 13

SCUDDER, STEVENS & CLARK FUND INC. has filed a registration statement for 40,000 shares of capital stock in an investment trust.

Address—10 Post Office Square, Boston 9, Mass.

Business—Investment trust.

Offering—At market plus 1% premium.

Proceeds—For investment.

Registration Statement No. 2-5461. Form A-2. (8-25-44).

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

ALVA PUBLIC TERMINAL ELEVATOR CO. has filed a registration statement for $250,000 10-year 6% subordinated sinking fund note. Proceeds will be used for the purchase of the real estate and the construction of a one million bushel elevator, with a three million bushel head house. No underwriter named. Filed Aug. 8, 1944. Details in "Chronicle," Aug. 17, 1944.

ATHEY TRUSS WHEEL CO. has filed a registration statement for 71,590 shares of common stock (par $4). The shares are issued and outstanding and do not represent new financing by the company 12,500 shares may be reoffered at private sale at $6 per share and 26,323 shares are to be offered to public at price to be filed by amendment. Brailsford & Co., and C. O. Kalman, Paul R. Doels and Edwin White are considered to be principal underwriters. Filed July 27, 1944. Details in "Chronicle," Aug. 3, 1944.

BIRMINGHAM ELECTRIC CO. has filed a registration statement for $10,000,000 first mortgage bonds, series due 1974. Interest rate will be supplied by post-effective amendment. Price to the public will be filed by post-effective amendment Company is a subsidiary of National Power & Light Co. which is the sole owner of the 545,610 shares of its outstanding common stock. The net proceeds, together with such additional cash from its general funds as may be required, will be used for the redemption, at 101 and accrued interest, of all of the company's first and refunding mortgage gold bonds, 4½% series due 1968, outstanding in the principal amount of $10,000,000. The bonds will be offered by the company for competitive sale pursuant to the Commission's competitive bidding Rule U-50. The names of the underwriters will be filed by post-effective amendment. Filed July 22, 1944 Details in "Chronicle," July 27, 1944.

BROOKLYN UNION GAS CO. June 29 1941 filed a registration statement for $12,000,000 25-year sinking fund debentures due Aug. 1, 1969. Company planned to refinance its entire outstanding debt by the issuance and sale to the public of $12,000,000 debentures and the concurrent issuance and private sale of $30,000,000 general mortgage sinking fund bonds, 3¾% series, due Aug. 1, 1969.

C. E. Paige, President of the company, announced Aug. 3, 1944 that company had entered into a firm agreement with Halsey, Stuart & Co., Inc., for the sale of the proposed $30,000,000 of mortgage bonds and $12.000,000 of debentures. Halsey, Stuart & Co., Inc., has agreed to pay not less than 100 for the bonds as 3½s and not less than 100 for the debentures as 4s, providing the company will submit both issues to competitive bidding.

The New York State Public Service Commission previously had denied the company permission to sell the $30,000,000 of bonds privately to insurance companies and declared that both the bonds and debentures should be thrown open to competitive bidding.

In amendment filed with SEC Aug. 10 company proposes the issuance of $30,000,000 general mortgage sinking fund bonds due 1969 and $12,000,000 25-year sinking fund debentures due 1969. Both issues will be offered for sale by the company pursuant to Commission's competitive bidding rule U-50 and names of underwriters and interest rates will be filed by post effective amendment.

EMPIRE DISTRICT ELECTRIC CO. has filed a registration statement for $10,600,000 first mortgage bonds, 3½% series due 1969, and 350,000 shares of common stock (par $10). The shares of stock are issued and outstanding and are being offered for the account of Cities Service Power & Light Co. The net proceeds to be received by Empire District from the sale of the bonds, together with the net proceeds from the sale of 6,500 shares of 5% cumulative preferred stock, par $100, which the company expects to sell contemporaneously with the issue and sale of the bonds are to be applied to the redemption at 101¾ of $10,044,900 first mortgage and refunding bonds, 5% series, due March 1, 1952, and to the redemption at 105 of $851,200 of Ozark Power & Light Co. first mortgage sinking fund 5% bonds due March 1, 1952, assumed by Empire. Empire District Electric Co. which is controlled by Cities Service Power & Light Co. proposes to acquire by merger the properties of Ozark Utilities Co., Lawrence County Water, Light & Cold Storage Co. and Benton County Utilities Corp. In conjunction with this merger Cities Service Power & Light Co. is surrendering all the securities of the constituent companies owned by it in exchange for an aggregate of 350,000 shares of common stock, $10 par, of the Empire District Electric Co. Both the bonds and stock will be offered for competitive bidding under the Commission's competitive bidding rule U-50. Names of the underwriters will be filed by amendment. Filed July 1, 1944, Details in "Chronicle," July 6, 1944.

EQUIPMENT FINANCE CORP. filed a registration statement for 14,000 shares 4% non-cumulative series 2 preferred, par $100. Price to the public $100 per share. Proceeds for acquisition of factory and warehouse buildings and additional trucks. Filed May 19, 1944. Details in "Chronicle," May 25.

EXCESS INSURANCE CO. OF AMERICA has filed a registration statement for 48,981 shares of capital stock (par $5). Shares are to be offered for subscription to present stockholders of record May 31 1944, on a pro rata basis at $8 per share. Net proceeds will be added to company's capital and surplus funds. Unsubscribed shares will be sold to Lumbermens Mutual Casualty Co. for investment. Filed May 29, 1944. Details in "Chronicle," June 8 1944.

FLORIDA POWER CORP. filed a registration statement for 40,000 shares cumulative preferred stock (par $100). The dividend rate will be supplied by amendment. Net proceds from the sale of the new preferred stock, together with additional funds from the treasury to the extent required, are to be applied as follows Redemption of 28,762 shares 7% cumulative preferred at $110 per share $3,163,820 redemption of 5,940 shares of 7% cumulative preferred at $52.50 per share $311,850 donation to Georgia Power & Light Co. to be used for redemption of certain of its securities as provided in recap plan of that company $1,400,000; payment to General Gas & Electric Corp. for 4,200 shares of $6 preferred of Georgia Power & Light Co $75,600, and expenses $80,000, total $5,031,270. Stock is to be offered for sale by the company pursuant to Commission's competitive bidding Rule U-50, and name of underwriters will be filed by post-effective amendment. The succesful bidder will name the dividend rate on the stock Filed July 21, 1944. Details in "Chronicle," July 27, 1944.

GERMANTOWN FIRE INSURANCE CO has filed a registration statement for 50,000 shares of common stock, $20 par, and voting trust certificates for said stock Policyholders of Mutual Fire Insurance of Germantown are to have pre-emptive rights to subscribe for the common stock at $20 per share in proportion to the respective premiums paid by them upon insurance policies issued by Mutual. Voting trust certificates representing shares not subscribed will be offered to the general public at the same price. All stockholders will be asked to deposit shares in the voting trust for a period of 10 years Bioren & Co. are underwriters. Filed May 29, 1944. Details in "Chronicle," June 8, 1944.

GRIESEDIECK WESTERN BREWERY CO. has filed a registration statement for 13,506 shares of common stock (no par) The shares are issued and outstanding and do not represent new financing by the company. Price to the public is $33 per share. Edward D. Jones & Co., St. Louis is named principal underwriter. Filed July 17, 1944. Details in "Chronicle," July 27 1944.

HAMILTON MANUFACTURING CO. has filed a registration statement for 38,996 shares of preferential participating stock (par $10). Proceeds will be used to redeem and retire on or before Jan. 1. 1945 at 103, plus accrued interest, $300,000 5% first mortgage sinking fund bonds and at 105% of par value, plus accrued dividends, all of outstanding 7% cumulative first preferred stock consisting of 838 shares. Underwriters are Straus Securities Co., Chicago, 19,498 shares and Loewi & Co., Milwaukee, 19,498 shares. Filed Aug. 9, 1944. Details in "Chronicle," Aug. 17, 1944.

HANCHETT MANUFACTURING CO. has filed a registration statement for $450,000 first mortgage convertible 5½% bonds series A, maturing serially from 1945 to 1964, and 45,000 shares of common stock ($1 par). The shares are reserved for issue upon conversion of $450.000 first mortgage convertible bonds. Underwriter is P. W. Brooks & Co., Inc., New York. Proceeds will be applied to the reduction of bank loans. Filed July 20, 1944. Details in "Chronicle," July 27, 1944.

HAYES MANUFACTURING CO. has registered 100,000 shares of common stock $2 par value. Net proceeds will be received by Porter Associates, Inc. The moneys paid to the corporation by Porter Associates, Inc., on account of the purchase of said shares will, in the estimated amount of $187,500, reimburse the corporation in part for the $200,000 expended by it in purchasing such shares. Porter Associates, Inc., underwriters. Details in "Chronicle," May 31. Filed May 25.

INDIANA & MICHIGAN ELECTRIC CO. has filed a registration statement for 120,000 shares of cumulative preferred stock (par $100). Company proposes to make a loan from not more than six New York City banks in the amount of $7,880,000 and use proceeds for purchase for cancellation of 544 shares of old 7% and 35,473 shares of old 6% preferred of Indiana from American Gas & Electric Co. for $3,596,749, and for redemption and cancellation of 28,731 shares of old 7% preferred and 245 shares of old 6% preferred of Indiana now in the hands of the public, at the redemption price of $110 per share plus accrued dividends. The cost of these two transactions is placed at $3,596,749 and $4,287,360, respectively. Proceeds from sale of the new preferred and common stocks are to be applied to the payment of the bank loan. Balance will be included in general corporate funds of Indiana and used to acquire property and for construction purposes. The preferred stock is to be sold subject to the competitive bidding rules of the Commission. Names of underwriters will be filed by amendment. The offering price to the public and the dividend rate will be supplied by amendment. Filed July 29, 1944. Details in "Chronicle," Aug. 10, 1944.

MIDLAND COOPERATIVE WHOLESALE has filed a registration statement for $250,000 subordinated debenture notes, bearing interest at rate of 4% per annum and maturing in five and ten years from date of issue. Notes are to be sold at their face value, only to members of the issuing corporation and individual members of its corporate stockholders. Proceeds will be used to increase working capital and reduce bank loans. Filed June 12, 1944. Details in "Chronicle." June 22. 1944.

VERTIENTES-CAMAGUEY SUGAR CO. OF CUBA.—696,702 shares of common stock ($6.50 par), U. S. currency. Of shrs. registered, 443,850 are outstanding and owned by the National City Bank, N. Y. Several underwriters have agreed to purchase $1,663,500 of first mortgage (collateral) 5% convertible bonds of company, due Oct. 1, 1951, owned by National City Bank, N. Y. Underwriters propose to convert these bonds at or prior to closing and the 252,852 shares of common stock which are received by the underwriters on such conversion, together with the 443,850 shrs. previously mentioned, will make up the total stock to be offered. Harriman Ripley & Co., Inc., N. Y., principal underwriter. Filed Mar 29, 1944. Details in "Chronicle," April 6, 1944.

Roosevelt Sees Foreign Credits Expanded By Amending Johnson Act

President Roosevelt at a press conference on Aug. 25 discussed the prospects that the United States might use its favorable international trade position to extend post-war credits to needy nations wanting American goods, according to an Associated Press dispatch from Washington which went on to say:

He said the question of credits would depend upon the economic status of individual countries and that such credits could be authorized by amending rather than repealing the Johnson Act forbidding Government loans to defaulters on first World War debts to the United States.

The matter was raised by a reporter who cited the recent Lend-Lease report to Congress showing American cash exports in the last four years have far exceeded the annual average of less than $2,800,000,000 in the four pre-war years, 1935-38. He wanted to know whether this meant that the United States would again become an international creditor nation after the war as it did after the last conflict.

Mr. Roosevelt said it would depend on the status of the individual country. For example, he mentioned a country with a lot of money which wants to buy here and probably could get reasonable rates from private capital. But another country that doesn't have so much will be a different case and will have to be handled differently.

The President said he knew of no plans to extend Lend-Lease aid to Italy.

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Textron Incorporated To Issue 15-Year Debs.

TEXTRON Incorporated expects to issue $2,000,000 Fifteen-Year 5% Convertible Debentures with Detachable Stock Purchase Warrants, to be underwritten by a banking group headed by Blair & Co., Inc., New York City, and Maxwell, Marshall & Co, Los Angeles, Cal. A fixed sinking fund of approximately $103,000 each year will retire at least 75% of the Debentures before maturity. Conversion may be made into fifty shares of Common stock for each $1,000 Debenture. Stock warrants permit the purchase of twenty shares of Common stock per $1,000 Debenture at $12.50 per share until Oct. 1, 1945, and on an ascending scale thereafter until 1947. The Common stock is listed on the New York Curb Exchange and currently is selling at 10½.

Proceeds of the issue will permit the company to enlarge its working capital position which, giving effect to the financing, would show according to balance sheet of June 30, 1944, current assets in excess of $7,200,000 and current liabilities of about $3,500,000.

TEXTRON Incorporated operates primarily in the synthetic products field. Established since 1928 in the synthetic yarn business, it recently expanded its activities so that the company is now almost a fully integrated unit, including the processing of synthetic yarns, such as Nylon, Viscose, Acetate and others, to the manufacture and sale to the retail trade of finished textile consumer goods made from synthetic yarns. These include ladies' slips, men's pajamas, shirts, shower curtains, draperies, piece goods and lining material. All of these are sold under the nationally advertised trade name of "TEXTRON" to retail outlets throughout the country, most of whom are the better known department stores.

The company maintains its own country-wide selling organization with the main office in New York and branch offices in key cities.

During the war period the company has been engaged in production of war products such as parachutes made from Nylon, jungle hammocks, mountain tents, parkas, ponchos, and other sewn items. The demand for such products has been decreasing and the general trend of operation in recent months has been towards civilian goods. The company operates five plants, three of which are owned, in which the company does yarn throwing, weaving and sewing.

Net sales in 1943 amounted to approximately $24,000,000 on which the profit before income taxes was about $1,700,000. In the first half of 1944 net sales amounted to $16,000,000 on which a profit of $1,136,000 was shown. Based upon these figures, interest charges on the funded debt were earned in 1943 over 15½ times: and for the six months ended June 1944, almost 21 times. The company does not expect any renegotiation of 1943 contracts because of the modest percentage of profit made.

Leroy Lewis In AIB Educational Post

(Continued from first page)

was instructor of speech at the University of Wichita, Kansas, and from 1935 to 1943 instructor in the same subject at Duke University. For five years he was speech consultant of the North Carolina Bankers Association and taught public speaking at chapters of the American Institute of Banking at Durham, Raleigh, and Rocky Mount. He has been a member of the faculty the past two years of the North Carolina Bankers Conference at the State University at Chapel Hill. He also taught adult classes of the North Carolina State Department of Education and has been frequently heard on the programs of bankers' meetings in the southern states.

Mr. Lewis is a past president of the Southern Association of Teachers of Speech and was regional president of the National Association of Teachers of Speech in 1942.

Geissler Opens In San Fran.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—Kenneth D. Geissler has opened offices in the Kohl Building to engage in the securities business. He is a member of the San Francisco Stock Exchange. Formerly Mr. Geissler was associated with Irving Lundborg & Co. and Dean Witter & Co.

"Highlights Of Wall St."

Copies of "Highlights of Wall Street," a comprehensive information service issued by J. F. Reilly & Co. for banks, brokers, and retail distributors, may be had from the firm upon request. Write to J. F Reilly & Co., 111 Broadway, New York City.

Christiana Attractive

Christiana Securities Company common preferred offer attractive possibilities according to a detailed analysis prepared by Francis I. du Pont & Co., 1 Wall Street, New York City, members of the New York Stock Exchange. Copies of this analysis may be had upon request from Francis I. du Pont & Co.

Bottling Cos. Attractive

Hoit, Rose & Troster, 74 Trinity Place, New York City, have prepared circulars discussing the situation in the various Coca-Cola Bottling Companies, and Red Rock Bottlers, Inc. Copies of these interesting circulars may be had from the firm upon request.

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Dumbarton Oaks Conferees Agree On Form Of International Security Organization

"General agreement" on the form of an international security organization, including a council composed of big powers plus a number of smaller nations, was announced on Aug. 29 by the Dumbarton Oaks conferees who declined to amplify the announcement made in the joint statement which was given in Associated Press accounts from Washington on the same day as follows:

"After a week of discussions the three heads of delegations are happy to announce that there is general agreement among them to recommend that the proposed international organization for peace and security should provide for:

"1. An Assembly composed of representatives of all peace-loving nations based on the principle of sovereign equality.

"2. A Council composed of a smaller number of members in which the principal states will be joined by a number of other states to be elected periodically.

"3. Effective means for the peaceful settlements of disputes, including an international court of justice for the adjudication of justiciable questions, and also the applications of such other means as may be necessary for maintenance of peace and security.

"The delegations are continuing to discuss the structure and jurisdiction of the various organs and methods of procedure.

"These topics require a great deal of consideration, and a number of proposals are now being submitted to examination. Different proposals of the different countries do not necessarily indicate disagreement of conflicting points of view but stem from varied approaches to the common objective. After our work has advanced to a stage at which our fully considered recommendations have been formulated and our conclusions have been presented, our respective governments will decide the appropriate moment for publication."

Broker-Dealer Personnel Items

If you contemplate making additions to your personnel please send in particulars to the Editor of The Financial Chronicle for publication in this column.

(Special to The Financial Chronicle)

BOSTON, MASS.—**George H. Cavanagh, Jr.,** has become associated with **Josephthal & Co.,** 19 Congress Street. Mr. Cavanagh was previously with Williams and Southgate and in the past with Tifft Brothers.

(Special to The Financial Chronicle)

CHARLOTTE, N. C.—**David E. Oglesby** has joined the staff of **R. S. Dickson & Co.,** Wilder Building. In the past Mr. Oglesby was in business for himself in Kinston, N. C.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **Irving B. Phillips** has become connected with **Paul H. Davis & Co.,** 10 So. La Salle Street. He was formerly with Blyth & Co., Inc.

(Special to The Financial Chronicle)

DETROIT, MICH.—**Forrest B. Horton** and **Guy E. Nemire** are now with **Slayton & Co., Inc.,** 114 No. Fourth Street, St. Louis, Mo.

(Special to The Financial Chronicle)

KENOSHA, WIS.—**Lyman W. Williams** is now associated with **Paul H. Davis & Co.,** 10 So. La Salle Street, Chicago, Ill.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**S. S.** Woodbury has rejoined the staff of **H. R. Baker & Co.,** Bankamerica Building. Mr. Woodbury was recently with Russell M. Anderson.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Rosemary Nissen** is now with **Bateman, Eichler & Co.,** 453 South Spring Street.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—**Harry Meyerson** has been added to the staff of **Kaiser & Co.,** Russ Building.

(Special to The Financial Chronicle)

TOLEDO, OHIO—**C. Barnes Walbridge** has become associated with **Francis I. du Pont & Co.,** 1 Wall Street, New York City.

Lime and Alkali Look Good

Diamond Alkali Co. and Kelley Island Lime and Transport Co. offer attractive situations, according to detailed memoranda issued by Wm. J. Mericka & Co., Inc., Union Commerce Building, Cleveland, and 29 Broadway, New York City. Copies of these interesting studies may be had from the firm upon request.

Mallory Interesting

P. R. Mallory & Co., Inc., offers an interesting situation, according to an analysis prepared by Steiner, Rouse & Co., 25 Broad St., New York City, members of the New York Stock Exchange. Copies of this analysis may be had from Steiner, Rouse & Co. upon request.

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Importance Of Chicago As Marketing Center

The importance of Chicago as a marketing center for firms doing a national or a midwest business is being stressed in a new advertising campaign being sponsored by The Merchandise Mart, John C. Goodall, general manager of The Mart, announced.

Mr. Goodall explained that the advertisements would run in leading horizontal trade publications in the home furnishings and women's apparel fields. The campaign traces the story of the city's growth from a frontier fort in 1812 to its position today as the No. 2 city in the Western Hemisphere with an industrial area population of nearly five million and an annual retail sales volume of more than two billion dollars.

One advertisement points out that Chicago's natural marketing area includes 45% of the U. S. population, and 44.5% of the nation's retail stores accounting for 40.6 of the total retail sales volume. The city's strategic location "gives companies distributing by truck, train or plane . . . a service edge over their rim shipping competitors. In normal times, the city's famous overnight package service delivers to 800 cities direct and to 60,000 other points with only one transfer, 93% on time," another declares. The campaign was prepared by John J. Finlay, Vice-President, Aubrey, Moore & Wallace, Inc.

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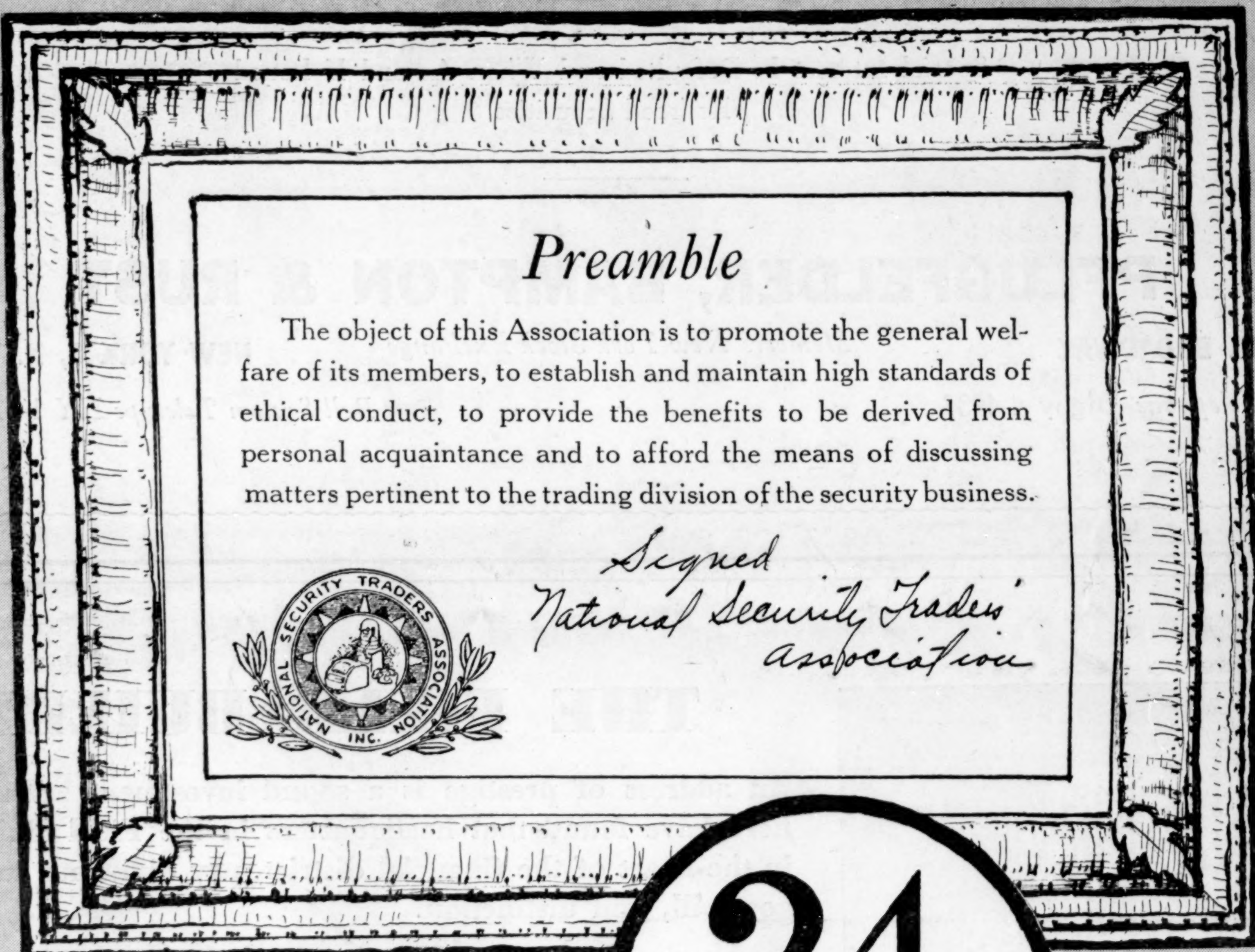

Preamble

The object of this Association is to promote the general welfare of its members, to establish and maintain high standards of ethical conduct, to provide the benefits to be derived from personal acquaintance and to afford the means of discussing matters pertinent to the trading division of the security business.

Signed
National Security Traders'
Association

24
AFFILIATES

Eleventh Annual Meeting, August 25-26, Chicago, Illinois

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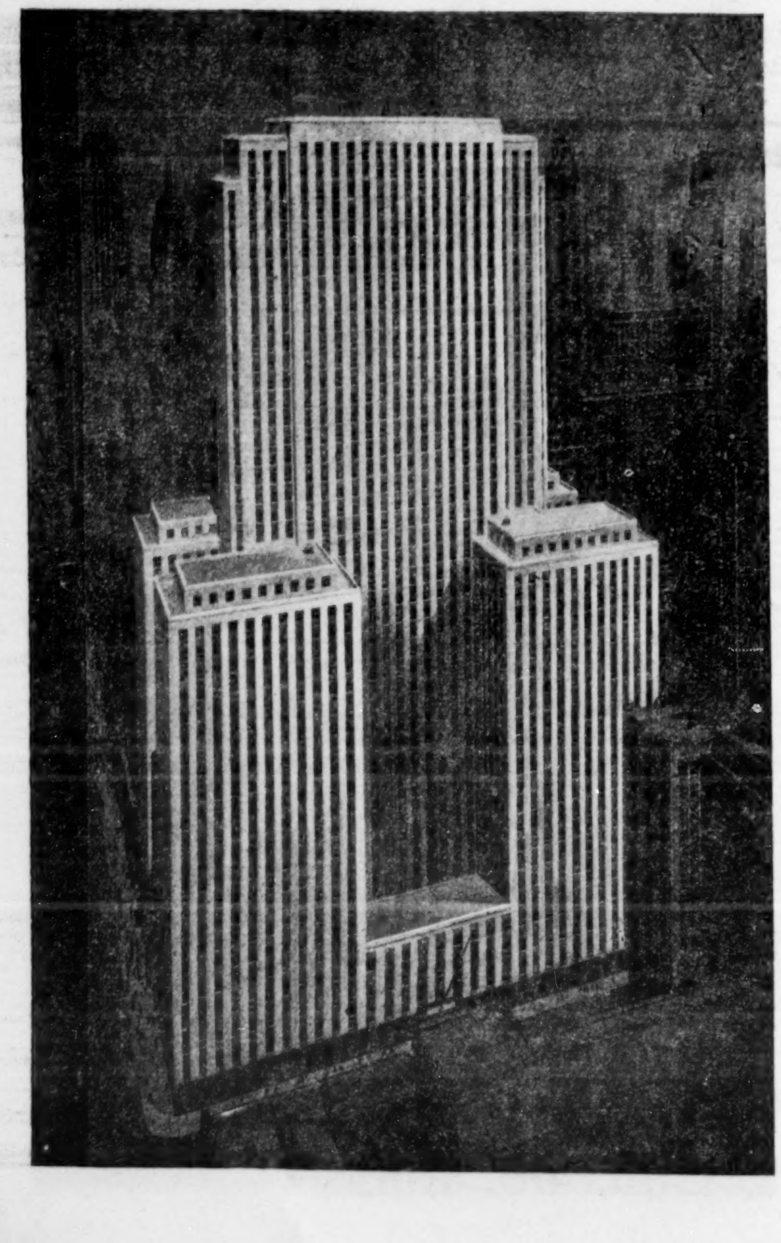

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Cargill, Incorporated
Carlton, F. A. & Co.
Cavanee, Clark M.
Central-Illinois Securities Corp.
Chicago Corporation, The
Commercial & Financial Chronicle
Dempsey-Detmer & Co.
Devine, C. J. & Co. Inc.
Dickson, R. S. & Co. Inc.
Doyle, O'Connor & Co.
Eastman, Dillon & Co.
Fahnestock & Co.
Federal Deposit Insurance Corporation
Fiduciary Counsel, Inc.
Gerwig & Gerwig
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Halsey Stuart & Co.
Harriman Ripley & Co., Inc.
Harris, Upham & Co.
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Kidder, Peabody & Co.
Kitchen & Co.
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LaSalle National Bank
Lewis, Benjamin & Co.
Lillig, George J.
Lizars, Rawson & Co.
Mabbett, R. H. & Co.
McMaster, Robert F., & Co.
Martin, Burns & Corbett, Inc.
Mason, Moran & Co.
Mesirow, Norman
Milwaukee Co., The
Molloy, Edward P.
Moseley, F. S. & Co.
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National Triangle Securities, Inc.
Nuveen, John & Co.
Otis & Co.
Ranson-Davidson Company, The
Rollins, E. H. & Sons, Inc.
Rothschild & Co.
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Security Supervisors, Inc.
Selected Investments Company
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Weeden & Company
Welsh, Davis & Co.
Woodruff, Hayes & Co.
Yantis & Co., F. S.

For Complete Information, Address ROBERT CARPENTER, *Manager*

135 So. LaSalle Street, Chicago

National Security Traders Association

Newly Elected Officers

Secretary

Edward H. Welch

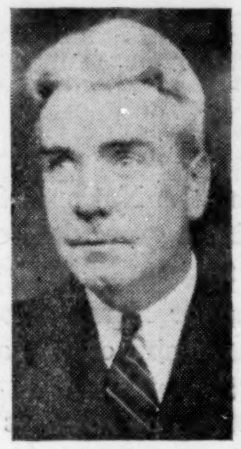
1st Vice-President

Thomas Graham

President

Ed. E. Parsons, Jr.

2nd Vice-President



John E. Sullivan, Jr.

Treasurer

J. G. Heimerdinger

Retiring Officers

President

Wm. Perry Brown

1st Vice-President

B. Winthrop Pizzini

2nd Vice-President

Jerome F. Tegeler

Treasurer

Russell M. Dotts

Joseph W. Sener

Executive Council

The Executive Council is composed of the Officers, retiring President, Joseph W. Sener, Walter F. Saunders, Wm. Perry Brown, and Russell M. Dotts.

Walter F. Saunders

Greetings From N S T A Officials Past and Present

Ed. E. Parsons, Jr.

Presidential Greetings

The honor of being President of the National Security Traders Association comes to me with a great deal of pleasure as well as with a sense of great responsibility.

The previous administration under Perry Brown has done an outstanding job and it is the desire of this administration to continue the work. As we see the end of the war approaching, the uppermost thought in my mind is the return of our many members in the Armed Services, as well as the opportunity to attract young men to the industry.

Having been one of the organizers of the NSTA and having served in various capacities, it has been my pleasure to know what an effective force the Association has been in the trading business. Contacts and friendships brought about through the Association are invaluable.

We have had many meetings in Chicago and this is an opportunity to thank our members here for really making the Association possible and for their untiring efforts in handling this and other meetings.

Our industry is fortunate that we are not confronted with renegotiation, reconversion or termination.

We start the year 1944-45 with the hopes of great accomplishments.

Edward E. Parsons, Jr.

WM. PERRY BROWN

Wm. Perry Brown

The Eleventh Annual Meeting and Election of Officers of the National Security Traders Association came to a close in Chicago on Aug. 26 with the general feeling of the members and their guests that this meeting was perhaps one of the finest ever held in respect to accomplishments for the members and the industry as a whole. A very serious tone prevailed throughout the two-day session which was taken up principally with meetings of the National Committee, Corporate and Municipal Meetings and reports and discussions as presented by the various Committee Chairmen. Members and guests in attendance cooperated with the travel problems of the country by combining other business while attending this meeting.

Today, after 11 years of hard work, the NSTA means full representation to the members of the Association and the securities industry. It is expected that this situation would finally arrive due to the untiring efforts of the Officers, Members of the Executive Council and Committee Chairmen who have served so faithfully over these years. No other group represents the individuals in this business in the manner in which they are represented by the NSTA. With over 2,000 active members associated with something over 1,200 firms in this business, located in every principal city of the United States, a vast cross section of the industry is represented and a correct answer to the many problems that continually confront the business can be attained. In the past two years Dallas, Texas, Memphis, Tenn., and Atlanta, Ga., have become affiliated with the NSTA, bringing about an even larger membership than ever, but, more important than numbers, the ever-increasing realization of the importance of the NSTA as the means of knowing that the members are being represented on all problems that confront the industry.

Great confidence has been placed in the incoming Officers and Members of the Executive Council who were elected to these high offices at this meeting. They will have responsibilities that are as great or greater than those of the preceding administrations. These men are qualified to continue the policies of the NSTA and the program of economy of operation which have been in effect in the past. Their untiring efforts are a guarantee towards an even greater Association than in the past and they will contribute much towards continued success in doing their part for the members of the Association. They are able men who measure up to the necessary qualifications successfully to carry on the business administration of the NSTA.

The membership has expressed itself again that the War Effort comes first and the entire strength of these members can be counted upon by the United States Treasury Department in all future War Loan Drives. The part to be played by the NSTA after victory has come is all important to those of our industry who are in the Armed Forces and the NSTA may be counted on 100% in the problems of post-war days.

My fullest support can be expected as a member of the Executive Council to the President-elect and his official family. The membership of the Association are fully behind these administrators and they join me in expressing the utmost confidence in these gentlemen towards a greater and better NSTA.

Cordially yours,

Wm. Perry Brown

JOSEPH W. SENER

It was my pleasure once again to be present at the annual meeting of our Association. Having attended all these meetings since the birth of the NSTA, I have been able to observe at first hand its consistent growth and the increasing interest of our members in its activities involving the welfare of our business.

Joseph W. Sener

I extend heartiest greetings to all of our members and guests, particularly the representatives of our new affiliates.

Joseph W. Sener

Maj. HERBERT H. BLIZZARD

Greetings to members and guests of the National Security Traders Association! For the past three years I have followed with interest the activities of the Association and its accomplisments under its competent officers. I am proud of the record the Association has made by so many of its members entering the Armed Forces. We must recognize the fact that the emergency will not be over when hostilities cease. We have never lost a war and have never won a peace. The post-war period will be one of severe readjustment and I know the NSTA members realize the serious situation confronting our nation. Don't get out of harness when the last shot is fired—that is only the time for the Generals to celebrate—your work will just be beginning.

Major H. H. Blizzard

Herbert H. Blizzard
Major A. C.
Past Pres. NSTA

(Continued on page 953)

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The Outlook For Public Utilities In Post-War Era

By P. L. SMITH*
President, Middle West Corporation

Utility Executive Forecasts A Favorable Situation For Utilities In Post-War Period Due To Absence Of Serious Reconversion Problems And Probability Of Increased Demands By Consumers. Sees Ample Capacity To Serve Post-War Loads Without Increase In Operating Costs. Much Depends, However, On Wise Planning And Execution Of Our National Economy And On Fair Tax And Regulation Policies

My primary activities in business have been towards the objective of making constructive and reasonable profits, and not in being a prophet. Most business, in order to realize reasonable profits, must engage in some forecasting from time to time, and in some instances almost continuously. It is with some trepidation that I hazard a few guesses publicly though I realize that—in common with most other businessmen—I have been operating on forecasts privately in my regular occupation for a number of years. If a small majority of our guesses turn out to be right it is usually a successful accomplishment, so, at the outset, I will "hedge" with the statement that I am fully aware of the probability that some of my conjectures will turn out to be wrong. It would be remarkable indeed if unfavorable ones should not eventuate and most of the favorable ones prove to be reasonably good.

P. L. Smith

What I have to say will apply principally to the electric and gas utilities. While the general pattern of post-war experience may be similar for a majority of such utilities, there will be wide variations among separate companies or companies in certain geographical or industrial areas. Electric and gas utilities will not have current inventory, reconversion, and renegotiation problems except of minor significance. The fact that electricity is produced for immediate use rather than for storage means that electric utilities will not have an accumulated inventory of their finished product to affect the market in post-war years, as may be the case with some industries. The same is true as to manufactured gas companies; and as to natural gas companies—of course it is highly advantageous that a large supply of their raw material is in the ground. Reconversion by utilities will relate to changes in transmission and distribution caused by a great decrease in war industry business and resumption of peacetime activities.

Shortly after durable civilian goods are again being manufactured in great volume, electric and gas utilities will increase their loads and sales to commercial and residential customers as such customers are able to buy equipment, appliances, and facilities which have not been available during the war years. These utilities will rebuild their New Business departments for the purpose of stimulating the maximum possible consumption of their services by existing customers and prospective new ones of all classes. In time many new devices and inventions using electricity or gas in their operation will gradually appear on the market. Electricity, after the war, may be even more important in every-day living than it was before Pearl Harbor. Much of this will be due to inventions spurred to completion to help win the wars. In the field of electronics, many new products that will give additional and greater comforts, conveniences, and enjoyment in every-day living will undoubtedly be generally distributed to the public. The manufacturers of many electrical and gas appliances have already had discussion and display meetings for the purpose of exchanging ideas and planning for the future of such post-war activities. It seems certain that the ingenuity that so well characterizes American industry will again be directed to making our homes, offices, and places of recreation more enjoyable than they have ever been.

One is stunned by the realization of what wonderful improvements in the standard of living throughout the world could have been made if the materials and effort and time had been applied to making permanently useful buildings, machinery, equipment, and facilities rather than destructive products. The tragedy of human failing is apparent all over the globe. The costs in lives, suffering, materials, and money are stupendous. If man has advanced in his capacity and ability to administer mass human affairs, then at the close of these wars the world can turn to remedying its mistakes and the destruction caused thereby. We cannot have real and permanent prosperity and progress unless a majority of peoples have the conviction that they must assure sound policies in and among nations, states, cities and families. Enlightened effort will be productive of permanent success. Narrowness, bitterness and hatred will preclude it.

These philosophical remarks lead to the fact that the post-war outlook for utilities as well as for business in general will be determined by the future political and economic policies adopted by the stronger nations. These policies will have very important effects upon the general business cycles. It is a tremendous task for wise statesmanship. Fortunately there are indications that the solutions to be agreed upon will be better than those following the close of World War I. It is the opportunity and duty of every adult to strive to bring that about and continuously to be vigilant to avoid slipping back into former faults.

The utilities are in an excellent position to contribute their share to the job of changing back rapidly to peace-time work. For the most part there will be ample capacity to serve post-war loads. Some companies will have surplus capacity which will take care of future growth in their service areas, while for the later post-war period, when loads are expected to go beyond those of the last few years, new additions, improvements and extensions can readily be made. While the cost of virtually all other commodities has increased in recent years, the average cost to consumers per kilowatt-hour of electricity and unit of gas has declined. It is reasonable to expect that conditions may permit of the continuation of the downward trend.

There will be quite an interplay of factors determining the final effects upon net income. In many companies there will be sub-

(Continued on page 954)

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* An address made by Mr. Smith before the Annual meeting of the National Security Traders Association at the Palmer House, Chicago, Ill. on Aug. 25, 1944.

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Greetings From The Chairman Of The Committee On Arrangements

Edward H. Welch

It has been a great privilege to have again acted as chairman of the Committee on Arrangements for the Annual Meeting of the National Security Traders Association. I wish to take this opportunity of extending my thanks to the members of the Committee and the members of the Association for their splendid cooperation in making this one of the most successful meetings since the inception of the N. S. T. A.

From a small membership ten years ago the Association now has grown to the largest organized group in the industry with twenty-four affiliates located in the principal cities of the United States, and more than 2,600 members, five hundred of whom are in the armed forces.

Our membership has contributed a great deal to the maintenance of the high standards of trading and the general welfare of the over-the-counter market.

EDWARD H. WELCH

Committee On Arrangements

in addition to Chairman Edward H. Welch, consisted of

Leo J. Doyle

L. A. Higgins

Henri P. Pulver

Harry L. Nelson

R. E. Simmons

Ralph G. Randall

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Some Practical Phases Of Post-War Municipal Financing

By JOSEPH A. MATTER*
Of Chapman and Cutler, Attorneys, Chicago

Municipal Bond Attorney Looks For Heavy Volume Of Municipal Financing Following The War, Due Partly To Refunding, Partly To Investment Demand For Tax Exempt Securities, As Well As To The Larger Borrowing Margins Arising From Wartime Debt Reductions—Predicts Heavier Borrowing For Highway Construction And Municipal Improvements And Points To New Sources Of Municipal Revenues And Larger Volume Of Revenue Bonds

It is nice to be home again after a vacation in the mountains which began a month ago with a pack trip into the Big Horns, and ended yesterday morning with a climb up and down one of the trails near Rocky Mountain National Park. A child's definition of an adult is a person who has stopped growing except in the middle. In an effort to combat the accuracy of that definition I made it a rather strenuous month, and many times during the month remembered with deep appreciation a famous remark of Chauncey Depew's. When he reached the age of 90 Depew was asked what kind of exercise he took. He replied that he had always made it his rule to get his exercise acting as pallbearer to his friends who take exercise.

J. A. Matter

When I mentioned to my good friend and associate, Henry Cutler, the topic on which your President had asked me to talk to you today, his comment was that you should have selected not a lawyer but a crystal gazer. To some extent that is of course true, and I was interested to learn later that when Carl Chatters addressed you last year on a similar subject he prefaced his remarks with the same thought. However, there are some straws in the wind, some circumstantial evidence, which when studied give a fairly substantial clue to the probable volume and nature of post-war municipal financing. Circumstantial evidence is not the best evidence, but it is helpful. Henry Thoreau once remarked that it can be very strong, as when you find a trout in the milk. Some of the circumstantial evidence which is available to us is almost that strong.

The complexity of the problem is made evident when it is remembered that there are in the United States over 155,000 governmental units. Of these about 70% are school districts, 12% townships, 10% incorporated municipalities, and 5% special districts. Probably most of them are planning post-war improvements.

I do not need to tell any of you to whom municipals mean bread and butter that the volume of long-term municipal financing reached a 10-year low in 1943, but you will be interested in a few comparative figures. Earlier this year I checked the number of new municipal files made in our office during one month, and found the number to be about 40% of the number for the same month in 1939. According to "Bond Buyer" compilations, long-term financial flotations for 1943 were about $500,000,000. This figure was a little under that for 1942, and compares with $1,230,000,000 in 1941, and an average of almost $1,200,000,000 for the eight years 1934 to 1941, inclusive. Accordingly, these figures also indicate that in 1942 and 1943 we had roughly 40% of what might be called a normal municipal business. However, in each of even these two years there were more municipals issued than in any of the five years preceding our entrance into World War I. This is doubtless due in part to refundings induced by present attractive interest rates.

Figures like the above never fail to remind me that those of us who depend on municipal obligations for our livelihood have a pretty consistent source of business. We grouse from time to time, of course, that business is terrible, but year in and out, through boom and depression, we have done pretty well. The Athenian law-giver Solon once said that if all our misfortunes were laid in one common heap whence everyone must take an equal portion, most people would be contented to take their own and depart. I'm sure that would be true of the average dealer in municipals. Moreover, entirely apart from the profit angle, I know that its endless variety, its challenge to the imagination, its opportunities for fellowship with a fine group of men, and its opportunity for constructive effort of permanent value make it a fascinating game to all of us.

Naturally, estimates of the amount of post-war financing differ. Merrill Lynch, Pierce, Fenner & Beane have analyzed the International City Managers' Association report which I will mention later, and have concluded that each of the first five post-war years should see $2,500,000,000 in State and municipal expenditures. If financed with bonds, this would be nearly twice the all-time high reached in 1940, but I am advised that in a later report, the firm estimated that the projects involved would result in the issuance of bonds to the amount of only around $6,000,000,000. Halsey, Stuart & Co. in its Mid-Year Municipal Bond Review, gives consideration to present high prices, uncertain national policies as to production, inflation, taxation and free enterprise, and the necessity for continued peak income tax rates, and concludes that some increase in volume, particularly in revenue bonds, is to be expected, but that the increase will not reach unparalleled amounts. The Municipal Securities Committee of the I.B.A. estimated last November that the first four post-war years would see a total of between $5,000,000,000 and $8,000,000,000. Even the smaller figure would of course mean four banner years. The "Bond Buyer" has been carrying on extensive surveys, and is making and will make specific reports in its columns from time to time.

Present estimates of post-war Federal budgets run from a low of $20,000,000,000 to a high of $30,000,000,000, and assume an annual national income of between $110,000,000,000 and $140,000,000,000. Our national income in 1937 was only $71,000,000,000. It is hard to see how that figure can double for post-war years, but even if it does, budgets in the estimated amount will make possible little reduction in Federal

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*An address made by Mr. Matter before the annual meeting of the National Security Traders Association at the Palmer House, Chicago, Ill., on Aug. 25, 1944.

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Some Practical Phases Of Post-War Municipal Financing

(Continued on page 911)

income taxes. This will, of course, cause the demand for municipals to continue strong, and should help stimulate the supply, but will not help profit possibilities. Substantial profits in municipal transactions no longer come almost automatically, as they once did. I have never forgotten the story once told me of how the head of a large municipal house got into the business. As a young man he was employed by an indemnity company to write surety bonds for public officials. On one occasion he had ridden horseback to a non-railroad county seat to write an indemnity bond covering the County Treasurer. The county was selling an issue of courthouse bonds on the same day, and another man had ridden over to buy the bonds. Their business concluded, the two men rode back to the railroad together. "Well," remarked the insurance agent, "I made a commission of $49.50 on that indemnity bond. What did you make on the bonds you bought?" "Let's see," replied the other, "I bought one hundred 5s at 96. I have them sold at 103. That makes $7,000 profit." The first man pondered a few minutes, then announced: "Well, by cracky, I'm going into the municipal bond business *right now.*" He was as good as his word, borrowed a little capital, and the following Monday was sitting in an office in Nashville with his name on the door. Thus was born what developed into one of the largest municipal houses in the South. I wonder if "those days are gone forever."

Another factor which will increase municipal borrowing is the substantial amount of debt reduction which has taken place over the past several years. Municipalities, like individuals, are tempted to spend when borrowing is easy and debt-incurring margin is large. Total municipal debt was about $20,000,000,000 in 1940. This was decreased an average of 15% by the end of 1943, with many cities reporting decreases since the depression of more than 50%. Lansing and Saginaw, Mich.; Milwaukee, Wis., and Springfield, Ill., report more than 80% decrease.

Highway construction is sure to be of post-war importance. It is estimated that almost $4,000,000,000 will be required to restore our highways to pre-war condition, and extensive new systems are also contemplated. On June 2 a bill was introduced in the House of Representatives which would authorize Federal aid of $500,000,000 a year for each of the first three post-war years. Forty percent matching State funds would be required the first year, and 50% the second and third years. Allotments (but not payments) may be made within 30 days from the passage of the Act. The bill differs from previous bills in that roads and streets of all classes, including both secondary country roads and express arteries in urban areas, are eligible for aid.

To what extent the States will borrow money to match these proposed Federal funds is uncertain, but some are sure to do so. I have been working this year with officials of some States on legislation for such borrowing, and I believe that in at least one of these States—North Dakota—such financing will be its first of the kind. Considerable legislation is needed for a really modern highway program. It is stated that about 30 States need new laws before high speed inter-regional highways can be conconstructed. Many States need better laws for the acquisition of rights-of-way, and many need laws permitting closer cooperation between State highway departments and city administrations. A striking fact which we must not overlook in debating the merits of highways as post-war projects is that modern types of high-speed roads, such as the Merritt Parkway in Connecticut, are cutting traffic fatalities by two-thirds.

As to specific post-war programs of the various States and municipalities, so many announcements have poured from the presses that no summary is possible here. Scattered examples are Oregon, with an announced program involving $320,000,000; New York with $250,000,000 per year for schools; California with $250,000,000; Philadelphia with $350,000,000; Cleveland with $150,000,000; Tennessee with $23,000,000 for highways; Wisconsin with $70,000,000 for roads; Houston with $20,000,000, and Miami with $42,000,000. It is estimated that sewer construction to the amount of over $1,000,000,000 is to be undertaken. Miami and Philadelphia are cited as specific examples, and it is suggested that most of the cost will be financed with revenue bonds. A bill pending before Congress would make available $1,000,000 per year to be matched by States and municipalities for the construction of airports. Another bill would distribute $100,000,000 to the States just for the planning of public works. Still another would appropriate $300,000,000 for education.

Most of you will want to know exactly what financing is in prospect by the municipal units in your own territories, and as to this I refer you to a report made by the International City Managers' Association published in the Municipal Year Book for 1944. There is summarized in this book the results of an extensive inquiry sent by the Association in January, 1944, to every city in the country having over 10,000 population. Of 1,072 cities of this size,

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Capital Needs And Other Problems Of Small Business

By IVAN WRIGHT
Professor of Economics, Brooklyn College

Writer Contends That More Money And Credit Or Easier Terms Are Not The Main Problems Of Small Business. Bureaucratic Regimentation, Legal Barriers And Other Restraints To Doing Business Transcend Credit Difficulties. Holds There Is No Shortage Of Credit And Capital For Reconversion And Expansion

Dr. Ivan Wright

The financing of small business has long been a vexing problem. Small business enterprisers have relied upon their own savings, the local banks, individuals, finance companies and large businesses which the smaller enterprises served. The latter has been the largest source of credit for the small business and tradesman. Information upon the financing of small business by credit extended by large manufacturers and wholesalers is vague and inadequate, but this volume of financing is known to run into the billions. In an average business year in the middle '30s it was reliably estimated by a survey that the interbusiness loans at the end of one business year exceeded $20,000,000,000. Prior to these days of war finance $20,000,000,000 was a lot of money, more than twice the net national savings for the boom year of 1929. These interbusiness credits had to come out of the money and capital markets. Large manufacturers and wholesalers financed other producers and distributors out of their earned surplus or borrowed from the banks and the capital markets, and in turn extended credit to the small tradesmen less able to borrow.

Business of any kind or size is risky, and the risks of small business, new enterprises and unproved ventures are for the most part not bankable. The local bank that accumulates too many of these small business credits is taking too much risk with other people's money. If the depositors want to lend their own money either for short- or long-term purposes to small and new enterprises they know or should know that they are taking chances and speculating. But if they deposit their money in the bank for safekeeping and the bank takes risks that the depositors would not take with their own money, that is an abuse of the banker's trust and entirely too risky. The banker finds it safer to loan to intermediaries such as finance companies, and large businesses, or cooperatives who can charge higher rates than the banker is permitted to charge, and with the higher returns write off the losses that develop in the course of business. The individual banker must have loans that are carefully selected or well secured because he is loaning other people's money, and just a few sizable losses are enough to embarrass a bank. Venture capital is a most essential part of enterprise, but supplying this venture capital must be encouraged from lenders who can afford to take large risks for large profits. It is not the business of bankers who accept other people's money for safekeeping.

Much Ado About Loans for Small Business

When the Baruch-Hancock Report recommended as a permanent source of credit for small business that the Federal Reserve System's authority to make industrial loans be expanded but that these loans should be made in such a way as to "supplement" and not "compete with private business," a whole volley of plans and schemes sprang forward to provide the credit and capital needs of small business. Immediately a bill was introduced in the Senate by Senator Wagner and an identical bill in the House by Representative Spense to provide the capital for the Reserve banks to guarantee loans to small business patterned after the V-loan program in war production.

The American Bankers Association appointed a commission of 41 bankers from 32 States to mobilize the banking facilities for post-war credit business. These bankers, while their full plans are not complete, have suggested a pool of credit for marginal loans. Most of the loans would be handled by the smaller banks. For the most part it is felt that these marginal loans would be unbankable and perhaps little of the pool of credit would ever be used.

A survey made by the Robert Morris Association disclosed that small businesses had prospered more under the war program than large businesses. Relatively, it appears that the small concerns had a larger increase in the volume of sales, and that profits rose more in the small manufacturing companies than in the large ones. With the exception of chemicals, the smaller concerns made larger additions to plant, had greater increase in liquid assets, and increased the ratio of liquid assets to sales more than the larger companies did. The evidence available, however, indicated that this was not the trend in the non-war industries.

At the recent conference of Small Business Organizations at Chicago the answers to a questionnaire survey placed the inability to borrow money for reconversion and post-war sixth in the list of causes of dissatisfaction and distress among small business enterprises. The first fear was post-war bureaucracy and regimentation; the second, inability to retain enough earnings to remain in business; third, economic dictatorship; fourth, Government subsidized competition, and fifth, continued political rule in business.

It seems clear that more money and credit, or easier terms, are not the main problems discouraging small business enterprisers. Some of the other fears make the difficulty of securing capital far greater than would be the case if small business was again independent and free.

Prior to the Securities Exchange Act and the Securities and Exchange Commission small businesses of from one to ten millions of dollars in resources ofter marketed stock and bond issues locally through local security dealers. But the burdensome restrictions of qualifying with the Commission have virtually destroyed the local capital markets. It is difficult, if not impossible, for many small businesses to keep within State borders and thus avoid the necessity of registration. The legal and accounting costs of qualifying a small corporation are so large that the costs of raising capital through the sale of securities is prohibitive. Moreover, most small business enterprisers have a holy horror of any closer contacts with agencies of the Federal Government. This was clearly indicated by the Chicago Survey. If it was possible to make a complete survey of the costs to business of government questionnaires, and the regulations and other red tape in complying with bureaucratic regi-

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How Cheap Is Cheap Money?

By W. W. TOWNSEND
Townsend-Skinner & Company, New York
Author of "Bond Salesmanship" and "Wall Street at Close Range"
Lecturer on "Bond Values" in Columbia University
School of Extension

Writer Calls Attention To Currency Hoarding Arising From Prevailing Low Interest Rates And Points To Its Inflationary Dangers. Since The Object Of "Cheap Money" Is To Keep Down Cost Of Servicing Debt And To Protect Banks Against Decline In Bond Values, He Suggests New Perpetual Bonds Bearing Flexible Interest Rates, Varied According To Money Conditions As Remedy

W. W. Townsend

Much midnight oil these days is being burned by those who are discovering or devising ways and means to keep money cheap. Everyone of them realizes that the principal problem involved in the almost universal desire to "freeze" interest rates indefinitely is the simple but inexorable fact that we are running out of ice. And most of the arguments now center around how long our present supply of "ice" will last and how we can manufacture more ice. No one appears to have examined the project with the idea of determining whether it is worth the effort—and the cost.

How cheap is cheap enough and not too cheap? Isn't it possible that, in our desire to make our money worth less, there is the danger that we may make it worthless? How did it all start anyway? What has it produced already in advantages and disadvantages, where is it leading us and what, if anything, can be done about it? All these are important questions to which small attention has been paid. Anyone of them would warrant extended discussion, but this article will not attempt more than a summary.

Too many of those who deal with statistics have never heard, or have dismissed as a wise-crack, the definition of a statistician as "A man who draws a mathematically precise line between an unwarranted assumption and a foregone conclusion." Most wise-cracks contain more than a germ of wisdom in spite of the barbs in their tails. That one is no exception. How many of today's arguments are based on assumptions that are unwarranted? And how many do seek to justify or rationalize foregone conclusions?

Certainly no one doubts that cheap money is an advantage to the borrower. But by the same token it is a disadvantage to the lender, sometimes to the point where he is not interested in lending. Something of the sort is all too apparent right now in the hoarding of currency. Is it worth while for us to encourage a sit-down strike of private capital at this particular stage of our experience?

Everyone is concerned with preserving the existing standard of living for those who work with their hands. What about those who are living on the income from invested capital and whose standard of living has been reduced to the bare subsistence level or below because money is cheap?

Our banks are prospering on cheap money created by deficit financing, because their earning assets are out of all previous proportion to their capital funds. But they present a special situation which can, and should, be handled in a special way. Incidentally, the preference of banks for short maturities has presented us with the prospect and the problem of financing World War II twice a year from now on—and for a long time to come. That is a simple but a rather overwhelming fact. Our debt maturing in one year or less actually is just about twice the total cost of World War I. Those short maturities also present another problem which may become costly as well as acute.

A recent study by the National Bureau of Economic Research discloses that short term rates from 1900 to 1930 inclusive were as high as, or higher than, long rates in all but two of those years, also that they followed closely the fluctuations in the commercial paper rate—which is a risk-rate. If we revive commercial borrowing, as everyone seems to think we will, and all that short Government debt has to be rolled over from a 1% rate out to a 3% or 4% rate, we not only will have accomplished very little by today's cheap money, we won't even have cheap money.

But to get back to some of our earlier questions, how did cheap money come about in the first place? We were told, and are still being told, that it was an evidence of very high Government credit. That statement is simply a challange to credulity. If any such thing were true why was Government credit poorer when Mr. Mellon was retiring debt in the 1920's on a 4% base rate than when Mr. Morgenthau was financing deficits in the 1930's on a 2% base rate? The credit of the United States has not been a relative term since the days of the Civil War. No, the reason was something else.

That reason was an accidental development from something undertaken for quite a different purpose. Mr. Goodyear got vulcanized rubber that way and he also took full advantage of the accident—but he never denied that it was an accident. Back in the early thirties we decided to raise the price of gold and devalue our dollar internationally in order to produce more money which would stimulate the use or turnover of money. The people were lagging behind the "planners" in the scheme for speeding up prosperity. It was a good scheme but it made the mistake of taking the public for granted. If they had more money, they would spend more money. With equal logic it could have been assumed that if they had more soap they would wash their faces more often. They weren't spending the money they had and they weren't at all eager to spend the new money. So what happened?

Well, the same thing happened that would happen if anyone, who knew no more about electricity than the formula that "one volt times one ampere equals one watt," tried to increase wattage by increasing amperage at low voltage. That fellow doesn't get power, he gets heat—as he soon discovers. The "planners" got the most amazing bond price inflation in all history—which is cheap money by another name—but very little prosperity.

There was some pick-up in business, to be sure, and by the end of 1936 it looked as though the scheme had worked. But early in 1937 the spending began to fall off again just when the nation was being told that "we planned it that way". The goods that were being produced, processed and bought to meet the demand, which had quietly dried up, became a serious inventory log-jam which brought on the collapse of late 1937. Those were facts of record at the time, and are facts of sad recollection now. We almost lost our cheap money in that collapse as everything tumbled out of bed except Government bond prices. The run-off and non-renewal of commercial loans saved the day for Governments in late 1937 and 1938.

But why all this recital of facts? Simply to show that up to the outbreak of war and for nearly a year thereafter our cheap money was based on gold imports. Ever since about October, 1942, the Government bond market has been supported by the Federal Reserve Banks. This is a function never intended by the framers of the original law. Like many other wartime measures, it was undertaken as the lesser of two evils. We will have more to say about that later.

The most serious problem which has resulted from cheap money requires some explaining. The commercial banks create money by making loans and investments. Everyone knows that by now. In so doing they get an earning asset in the form of a loan and a corresponding deposit liability. If that deposit is withdrawn and deposited elsewhere by the withdrawer *or anyone else*, the money stays in the banking system. If it is drawn out as currency and put under the mattress, it is outside the banking system and if that goes on long enough the earning assets have to be disposed of, because the withdrawal of the currency reduces the banks' reserves. That should be remembered. It has become important.

Buying gold is the exact but more potent opposite of withdrawing currency as far as bank reserves are concerned. Here we have a deposit with no corresponding earning asset. Excess (or free) reserves created by gold imports are investible, but they cannot be invested *out* of the banking system because every time they are invested there appears both a new deposit liability and the corresponding earning asset. The process would be almost endless except for one thing. The commercial banks are running the equivalent of a margin account. The margin is their capital account, the securities are their earning assets and the deposits are the debit balance. And no banker likes to operate on a thin margin.

As of today, a commercial bank can expand its credit out to five or six times its reserves. At one time the banks had seven billion dollars of excess reserves. That meant nearly forty billion dollars of credit expansion! Goodness, gracious! Some leading economists drew charts showing the relationship between excess reserves and money rates, forgetting that we had seen all sorts of changes in money rates long before we ever heard of excess reserves. These gentlemen appeared to be rather badly confused between causes, consequences and coincidences.

All this time the public had been saving money the *wrong way*. The commercial banks paid no interest. The savings banks paid very little. "Why bother with banks? Give me the cash. I'll keep it," is what they must have been saying because that is what they did—and are still doing. Most of that will have to be charged up against cheap money and we have no idea how big the bill will be before we get it paid. Is it worth while?

Today we have over twenty-three billion dollars of "circulating" currency, most of which does

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Investment Trusts In The Post-War Securities Field

By L. SCUDDER MOTT
National Securities & Research Corporation

As any old-timer can remember, the scope of security ownership in the United States was tremendously enlarged during the First World War. Millions of people who actually or virtually had never been security owners (particularly in the modern sense of holding actively traded, widely distributed stocks or bonds) bought Liberty Bonds. Much the larger part of these people would probably never have bought securities if the war had not occurred.

L. Scudder Mott

At the end of World War I and in the succeeding years, the fact that this multitude had become "security conscious" undoubtedly was the foundation for the vast increase and diffusion of security ownership since then — basically an extremely sound development.

However, due to the general inexperience, to preoccupation with other affairs and, in so many cases, to the fact that funds for investment (individually) were insufficient for adequate diversification, these new owners were, in large measure, not suited to indiscriminate buying of varied individual issues, especially since proper guidance was often not available or not sought.

Had the present types of modern investment trusts with the present experienced managements then been available, in a large proportion of cases they would have provided ideal vehicles, and would have aided in putting emphasis on investment as against speculation in many instances where such emphasis was needed. But they were not available; and it is not too much to say that, partly because of the lack of suitable investment vehicles and guidance, the seeds of the debacle of 1929 and the succeeding years were sown after World War I.

While the proportion of people who will be rendered "security conscious" and who will be converted from non-investors into security holders, through purchase of war bonds, will doubtless be less as a result of the present war than as a result of the previous war, their numbers will nevertheless be legion. Opportunities for proper guidance have increased and the SEC rules and regulations were not in existence in the previous period. But a widespread lack of qualifications will still exist for indiscriminate investment in individual securities, and for recognizing the need for what emphasis should be on investment and what on speculation.

This time, however, the investment trust "industry" in the United States offers excellent vehicles for such new investors, as well as for many who were already investors. But before pursuing this line of thought further, let us glance briefly at the history of American investment trusts.

The first to attain prominence was the closed-end, general management type, in which there was little or no restriction on the management, and where prices for the trust shares depended directly on their own markets, and not on liquidating or asset value. As a class, this type was involved in the abuses and extremes of the speculative boom ending in 1929. partly because of its nature, and partly merely because so many of the type were in existence at the time of the boom—indeed, some were formed relatively late during it.

The next type to become popular arose largely from the public distrust of management in the great bear market, and was virtually the antithesis of the first. In this type management functions were practically eliminated (except for provisions in some cases to dispose of obviously deteriorating issues) after the selection of an original holding list. This type contained, however, two provisions that are general in the later types of trust. First, assets were under bank trusteeship, or custodianship. Second, they were "open end," that is, shares were always for sale at a spread above liquidating value, and could be redeemed at or near liquidating value, so that they were dependent only on the value of securities held, and not on values placed in the market on their own shares. Without going into all the arguments, it can be said that the fixed trust by-passed the essential fact that management is necessary to successful long-term investment, and it was only natural that their popularity waned after more normal market conditions were established.

The fixed trust was succeeded in public acceptance by the restricted management type (some of which had been in existence a number of years) in which no more than a certain percent of assets (usually 5%) could be placed in one security and all purchases were from established eligible lists, changed only on notice to holders. Otherwise, management was largely able to conduct the trust according to its best judgment. This type included the "balanced trust," where bonds as well as stocks were held under established policy.

The most recent type is the so-called "class" or specific purpose trust. Here each trust is set up with specific objectives. Some were restricted to specific types of securities, such as various grades of bonds or preferred stocks, common stocks with certain similar characteristics, foreign securities, securities representing new industrial developments. Some were confined to investment in securities of specific industries. And some were set up with specific objectives, such as liberal income or large appreciation possibilities. Except that in some cases a normal policy of full investment is established, the "class" trusts are on lines similar to the aforementioned restricted management trusts.

The new growth trend in investment trusts, especially apparent in the last year or so stems largely from the "class" trusts, which constitute a very large proportion of all new trust share sales. It is evident from their success that they meet the needs of a host of investors for whom nothing so suitable was available before.

Now, to get back to the post-war prospects, it is obvious that a great new field suitable for modern investment trusts will exist. The experience gained by the managements, and the evidence provided by growth that even during the war—when the Government is still issuing great quantities of new bonds, and patriotism dictates holding Government bonds whenever possible — indicate that modern investment trusts are filling investors' needs better than ever before, the growth of the trusts should be greatly accelerated. Not only should their shares find wide acceptance among "new" investors, but also they should continue to gain among those who are already investors, including corporations and trustees. It should be remembered that savings, aside from Government bonds, are also at record levels, and that indications are that much of these savings will be invested rather than spent for goods.

At present no trust has assets of as much as $200 millions. Investment trust authorities expect that post-war growth will be such that there will be not one, but several billion-dollar trusts.

The closed-end trusts will continue to play their part in the investment field, but it is unlikely that any large proportion of new money will flow to them. The general type of restricted management trust will undoubtedly continue to supply a widespread requirement; its class will be "general investment." It is among the specific purpose trusts that the bulk of the continued and accelerated growth can be expected.

Since investment trust shares are sold through dealers—whether local or over-the-counter firms, or stock exchange houses — this expected investment trust growth is of obvious interest to the investment fraternity. And it might be worth while here to digress to correct a misconception.

There seems to be an impression in some investment quarters that, since trust shares are bought generally with greater emphasis on continued investment than most individual securities, the dealer who places a client in trust shares ties up the client's capital. But due to some quirk of human nature, investors seem much more willing to tell others about their trust share holdings than about individual security holdings (possibly because in the latter case they might be assumed to be speculating rashly, or might be queried about connections with a company). Hence, satisfied trust share clients bring in other clients by word of mouth or radiation. The writer knows of one case where a dealer started with 30 trust share accounts that grew to 300 by this means.

Furthermore, a majority of trust share buyers are holders or potential buyers of other securities. Trust share holdings are not confined to people of small means. Individual transactions in trust shares of over a quarter million dollars have been made. Thus a client obtained on a trust share sale may be valuable as a general client also.

It is well to note that particularly with specific purpose trusts, holdings have become extended into unlisted issues to an appreciable degree. Hence, besides selling trust shares, unlisted houses or departments, as well as exchange members, can expect to receive business from the trusts as well.

Bearing all these factors in mind, the alert investment firm will not overlook the coming post-war growth in investment trusts. Like all other successful businesses, the investment trusts as a whole have had to learn how to serve public needs. In the "class" trust a particularly suitable vehicle has been found. The new investor as well as the old after this war will find his requirements able to be met in a way unavailable after World War I. Because of their nature, the "class" trust distributor understands that he should not and need not sell just any security to a client or prospect, but one suitable to the particular requirements. For example, if income is the real need, an intelligent approach to meeting the need can be made through "class" trusts. Indeed, a large factor in their success to date has been filling the needs of income investors, who run the risk of choosing less suitable individual securities. As new investment fields open, or investors' requirements alter, adaptations of "class" trusts to them can be made. The opportunity exists to aid the soundness of post-war investment conditions through the further growth of trusts.

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Post-War Export Prospects

By DR. MELCHIOR PALYI

Chicago Economist Denounces Artificial Fostering Of Exports As A Political Distribution Of Favors And As Creating Vested Interests—Holds Foreign Demand For Our Foodstuffs Will Be Temporary And Few Countries Will Need Our Raw Materials—Predicts Formation Of Russian And British Trade Blocs And Thinks Durable Goods Will Constitute Our Leading Post-War Exports

New Deal enthusiasm for foreign trade, especially for the all-round diffusion of American capital, is no mere matter of humanitarianism, as it is presented by the Wallace school of global sentimentalists. It has little in common with Cordell Hull's reciprocity treaties, and still less does it mean a return to Adam Smithian ideals. The mere fact that it implies, nay, postulates, governmental fostering of trade instead of the self-regulation of the market place, indicates that this apparent revival of economic internationalism is to serve objectives very different from the classical belief in the undiluted freedom of international exchange.

Dr. Melchior Palyi

The underlying motivation is to some extent purely propagandistic. Allies and neutrals and even enemy nations are supposed to be stimulated or lured by promises of "free" access to raw materials and to capital, and free entrance to our juicy markets. It is in the light of such war-time objectives that the President's Freedom From Want or the Vice President's Pint-of-milk-for-every-child have to be appreciated. So are the generous spending sprees abroad, and other methods of a world-wide Good Neighbor Policy. But there is more involved.

Our fundamental economic problem, as seen by New Dealers, is: how to avoid the "coming" depression. As a matter of fact, the New Deal is primarily not so much a socialistic movement as an anti-depression ideology. It has grown out of the 1931-32 crisis and has never overcome its original tenet, contracted under the devastating impression of that crisis. Probably three-fourths of all peace-time New Deal measures of an economic nature originated from this fear of recurring unemployment, or. in a more positive language, from the urge to provide "full employment" in an economy which is allegedly overmature and unable to utilize, under its own power, its rich resources. Capitalistic economy is supposed to reach the stage of senility just before it dies—according to the Marxian scheme of things—at which time only exports offer an outlet for the unutilized energies of the nation. In effect, exports are wanted as a substitute, or alternative, for public works.

A third kind of motive is—politics. The artificial fostering of international trade means the assumption of powers and the distribution of favors. It creates vested interests in the regime; and provides potentialities for intervention in business matters, all of which helps to secure political power.

Lastly, the new internationalism operates on the (wishful) assumption that the world will consist largely of collectivist or semi-socialistic units, and as such will not be able to appeal to normal channels of long-term credit. Therefore, it will have to be provided with capital goods on a governmentally managed basis, i. e., without regard to profit and repayment chances.

Pseudo-Free Trade

Not a few liberal-minded souls (including the souls of economists) are attracted to this economic internationalism because of its apparent similarity to Free Trade. The appearance is totally misleading. According to the old-fashioned liberal idea, division of labor among nations as among individuals is the way to greatest national welfare. Its logical correlate is a policy of economic freedom, internal and external, so as to enable each country to specialize in what it can produce at cheapest comparative costs. This is just about the reverse of the idea underlying the new philosophy of foreign trade. For one thing, it doesn't abolish governmental interference, but adds to the internal management the external one; it substitutes the trust in a paternalistic bureaucracy for the reliance on the automatism of business interests. Nor does it advocate international division of labor, but the contrary: forced industrialization of all countries so that they may all produce the same things (including armaments). And it would make Adam Smith turn over in his grave to hear that exports should be fostered with no regard to payment, just for the benefit of keeping people employed at home.

In short, the new enthusiasm for foreign trade has nothing to do with free trade ideology. It is the renewal of a sophisticated brand of 18th century mercantilism which believed in fostering exports so as to create employment. The only difference is that the mercantilist had the common sense to expect a *quid pro quo*.

A forced industrialization of the world, as is contemplated on the Russian pattern, would have devastating consequences on the economic and social structure of the world. It is also likely to create vicious conflicts, and to lay the foundations for all-round armaments. But leaving ideologies aside, a realistic approach to our export prospects has to start with the analysis of foreign demand and of its ability to pay.

Foreign demand for foodstuffs will be acute only for a short while. Serious shortages exist only in a comparatively few countries. Recent reports of the Office of Foreign Agricultural Relations (Dept. of Agr.) indicate that in the season 1943-44 food supplies in continental Europe and the Soviet Union "have held up fairly well on the whole." That holds in particular for the supply of grains and their substitutes, but also for fats. Consequently, disregarding individual and temporary cases such as that of sugar, a short flurry of foreign demand for farm products is all that may be expected.

The more so, since the food-importing countries have intensified their own agriculture and plan to use it as a channel to provide employment. Britain, e.g., is all set to scrap the traditional free trade policy in favor of relying on an artificially subsidized national granary. The strength of agrarian interests is such that after the first need for curing shortages is satisfied, many countries may not accept edibles even

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"Wake Up America!"

By Hon. FRED E. BUSBEY*
Member of House of Representatives

Congressman From Illinois Warns Of Efforts To Smear Congress And Destroy Representative Government. Defends Congress As Only Agency Which Prevented A Dictatorship During The War Crisis. Recalls Previous Anti-War Attitude Of Communists Contrasted With Their Present "Camouflaged" Attitude. Attacks CIO Political Action Committee As The Cleverest And Most Dangerous Revolution That Ever Hit The World. Promises Assistance To Workingman In Throwing Off CIO Octopus

Fred. E. Busbey

President Brown, Distinguished Guests, Officers of the National Security Traders Association, my Fellow Members of the Association, and Fellow Americans: I wondered for a minute just when Mr. Brown was going to stop talking about me, and the one thing I wish he had said that he didn't say was that I have been a member of this Association ever since its inception.

I want to congratulate the Association and the officers for the wonderful work they have accomplished, and I only regret that I have had to be inactive in the Association for the past two years.

The title of my discourse this afternoon is entitled, "Wake Up America!" I am sure that you will recognize at the end of my remarks that there is nothing political in whatever I may say.

I understand that you had a very delightful evening and profitable session last night with my colleague, the Hon. Lyle Boren from Oklahoma, when he gave you a very good Democratic talk. I only wish I were qualified to give you as good a Republican talk today.

First of all, I would like to take you back to Nov. 11, 1918. Those of you who were at the front when the Armistice was signed will remember the cry that went up and down the battlefield. "Finis la guerre! Finis la guerre! The war is over!" And so we thought it was. They told us "we were fighting the war to end all wars." They told us "we were fighting to make the world safe for democracy."

What a sham those words are today in light of the conflict raging all over the world. The war news, as you know from reading the newspapers, is extremely encouraging. One of the reasons it is encouraging is due to the ability of American industry to produce tremendous quantities of implements of war.

Here I give credit in that production schedule both to labor and management, because in my opinion the spirit of cooperation with which the heads of industry went into this war production program after being kicked around as they had for many years by the New Deal, is one of the glorious pages in the history of America.

We are all hopeful that the boys on the far-flung battle fronts of the world will be back with us very, very soon. I have talked with many of them that have returned from overseas. I have visited with them in the hospitals. From my observations I can tell you that there are three things they have on their minds. First, winning the war as soon as possible. Secondly, getting back home to the good old U. S. A. Thirdly, security in the form of jobs when they return.

These are trying days for those of us who have sons and relatives out there on the front. I never go to bed at night but I think of the millions of mothers and fathers of this country, kneeling beside their beds, saying prayers for those boys out there to be returned home safe and sound. I can picture any boy when he comes back home, running up the walk to meet his mother, the mother who has said so many prayers and spent so many anxious hours for him, running out to meet that boy. And they greet each other, throw their arms around each other, and that boy hollers, "Ma, it's great to be home!"

What kind of a home is that boy coming home to? What kind of a country is he coming home to? What kind of a Government is he coming home to?

Friends, if you and I don't do everything within our power to maintain and keep this representative form of Government as it was when he left, we are the traitors in this war.

That is our responsibility. He is doing his part on the battlefront; we must do our job on the home front.

Mr. Brown mentioned the Veterans Committee, on which I am honored to serve. I do consider it an honor to have that privilege, because when I was elected to Congress I knew the Veterans Committee was going to be called upon to handle some of the most important legislation in this, the 78th Congress of the United States.

From this Committee came much beneficial legislation for those serving in the armed forces of our country in the present war. The most important is the G. I. "Bill of Rights" that was passed by this Congress and signed by the President on June 22 of this year. This legislation I consider to be the best insurance policy that was ever written in the history of our country.

You may have recently heard certain radio commentators and read news of certain people of the Communist, radical, left-wing group, conducting a smear campaign on your Congress.

That smear campaign, my friends, is not accidental. It is deliberate. This group of people, who are not in sympathy with our form of government, and everything that Old Glory stands for, realize that the Congress of the United States is the one agency, the one group that represents the people, that has prevented a complete dictatorship being put over in this country.

To illustrate: Every amendment recently proposed to the Constitution has received the support of this left-wing radical group, for the simple reason they realize the more the Constitution is amended, the closer they are to wrecking our representative form of government.

This same group will be found backing every movement in this country which tends to centralize the government in Washington, because it is much easier to obtain control of one central governmental agency rather than when authority is distributed in 48 States.

The Atlantic Charter was signed in August, 1941, and provided in part:

> "III. They respect the right of all peoples to choose the form of government under which they will live. And they wish to see sovereign rights and self-government restored to those who have been forcibly deprived of them."

Now is the time for the signers of that historic document to tell the world that they propose to stand back of those documentary principles set forth in Section III.

Poland and Lithuania, who fought so valiantly and bled for their freedom against the Nazi hordes that invaded these countries, should have their boundaries restored after the war is over, and have the right to choose their own form of government without any outside interference.

If statements of principles are made and signed, they should be lived up to, in fact as well as in principle.

On August 10 and 11, 1941, less than sixty days after Hitler invaded Russia, there was called under the direction of Mr. Josef Stalin of Russia a congress in Moscow known as the "All-Slav

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*An address made by Congressman Busbey at the Luncheon Session of the National Security Traders Association at the Palmer House in Chicago, August 26, 1944.

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Easing Collateral Loan Restrictions On Inactive Securities As An Aid To Small Business

By A. M. SAKOLSKI, City College, New York
Formerly An Economist of The Federal Trade Commission

Writer Points Out Handicaps Of Collateral Restrictions To Growth Of "Risk Capital" And Expansion of Small Business—Calls Attention To Preponderance Of Securities As Bank Assets And The Role Of Securities Dealers In Maintaining And Stabilizing Markets—Sees Trend Away From "Listing" And Toward Larger Over-The-Counter Trading And Urges More Cooperation Between Dealers And Bankers In Establishing And Maintaining Markets

A. M. Sakolski

During the last few years, a great deal has been said and published regarding the need for encouraging the use of "risk" or venture capital. The advocates point to the wider application of this field of investment not only as a means of promoting full employment, but as an aid in the maintenance and expansion of small business. Yet, when we look back over the last decade, we find that almost all the legislation relating to banking, finance, security trading and investment has had the effect of discouraging the application of capital funds in small ventures and handicapping the placement of investments represented by equity securities and other forms of risk capital. The Securities and Exchange Acts, the Federal Reserve Act, and other similar laws, both national and State, in seeking to protect investors and inhibit the excesses of "high finance," have tended, on the whole, to add to the burdens of small and moderate sized enterprises in obtaining needed capital funds, and have increased the handicaps they undergo in competing with large and well financed enterprises.

Perhaps the most serious handicap involved in the financing of local and moderate sized business concerns is the discrimination they suffer, which prohibits the acceptance of their securities by banks as collateral for loans. The modern investor must not only seek a security that has marketability, but, if he is prudent and far-seeing, he should have assets which can serve as collateral for bank loans in the event he should need this accommodation. In this way an investor is relieved of the necessity of keeping funds uninvested or of being forced to liquidate in an unfavorable market. In this way a position of "liquidity" is maintained, since the investor is enabled, at any time, to temporarily convert a long-term investment into cash. The investor's desire for "liquidity preference," as Lord Keynes calls it, has received a great deal of attention from economists, both theoretical and practical, in recent years. It is contended that one of the most potent causes of business fluctuations and financial crises is the wild scramble of investors and traders, when a bad turn of affairs looms on the horizon, to hold their cash or to convert their assets into cash. By thus hoarding cash they reduce the flow of investment funds and hence cause business retrenchments and widespread unemployment.

The faculty of making loans on the deposit of collateral has long been a feature of the modern investment process. Life insurance made very little progress in this and other countries until the practice of granting loans on "surrender values" arose. Real estate ownership and operations could not have spread so rapidly and firmly if loans in the form of mortgages had not developed on such widespread scale over several centuries. Security marketing would never have become such a well recognized and established business if the dealers and traders were not enabled to carry their commitments through the use of collateral loans. Commercial banking itself would not have assumed its present importance and would not have functioned so fully in the national economy if the banks had not, from their earliest period of operations, followed the practice of making collateral loans. The rapid progress of American economic development may be said to have been due largely to expanded borrowing facilities arising out of the early use of collateral as the prime security by all forms or classes of institutions of lending. Of course the system is subject to abuses. But these abuses, as bad as they have been, have been more than offset by the great advantages which have accrued to our economic growth and development from the extended borrowing facilities which are the result of making cash loans available through the use of collateral.

The close relation of collateral-secured credit with business expansion is common in modern industrial countries, but it has been a conspicuous feature of the American business economy. It was permitted under the old national banking system before 1913 and has been continued under the Federal Reserve System. Because of it, the commercial banks throughout the country have been enabled to carry large deposits with small cash reserves, maintaining their "liquidity" through the large amounts of securities which they hold, both directly and as collateral against loans. In this way, without assuming the risks of direct ownership in business enterprises—as has been common in European countries—the American banks have greatly contributed to growth of capital in productive enterprise, and in addition have assisted the private placement of idle funds. In fact, the bulk of the nation's banking business today—despite what has been said and done against it—comprises not merely the granting of so-called "self-liquidating" loans based on current exchange of goods and services, but also consists in keeping the nation's wealth in a fluid and convertible state, so necessary to a psychological atmosphere of "liquidity preference."

As regards "the liquidity" of bank assets, several American economists have rightly pointed out that even the so-called "self-liquidating" business loans of the commercial banks in the aggregate are not truly "liquid." Prominent among these are Prof. B. M. Anderson (see his "Value of Money," p. 502); Dr. H. G. Moulton, the Director of the Brookings Institution, and Dr. Fritz Machlup in his book, "The Stock Market, Credit and Capital Formation." Prof. Anderson has contended that the only commercial loans which possess real liquidity are those that can be paid off without a distressing inconvenience to the borrower, while, in view of the corporate organization of business and the enlarging element of investors and security speculators among the population, credit instruments representing fixed capital have a more immediate market than other forms of property. Accordingly, he contends that modern banks derive their liquidity from the securities markets. This is borne out by the fact that in these days the bulk of bank assets consists of securities rather than of commercial self-

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Is The Coming Boom In The Home Washing Machine Industry Already Discounted?

The Market Leader Is An Over-The-Counter Issue

By H. M. GARTLEY

Washing machines stand at the top of the list of post-war "musts," according to several recent surveys of what American housewives want.

H. M. Gartley

In 1941 the Washing Machine industry had its biggest year, and delivered a total of 1,959,887 washers at an average selling price of $79.76. Although "Electrical Merchandising" (January 1940) published a directory of manufacturers showing that washers were made under 220 trade names, 80% of the business is now concentrated in the hands of seven manufacturers. These are listed in the chart below.

Two Types Of Washers

There are two general types of washers, namely the conventional—which is chiefly of either the agitator or the spinner construction—and the fully automatic, which was pioneered in 1936 by Bendix Home Appliances, Inc., of South Bend, Indiana. A small number of automatics were made in the pre-war period by Westinghouse and also by the Blackstone Manufacturing Company.

The big volume company making the conventional type of washer is Maytag. Easy comes next, with the Nineteen-Hundred Corp., producer for Sears, in third place. Number four is Apex Electric, supplier to Ward; then come Electrical Household Utilities (Thor) and Barlow & Seelig (Speed Queen). Last of all in the lineup of the "Big Seven" is Bendix, which is the only company exclusively producing automatics.

Accumulated Backlog

Industry executives just won't give opinions as to when production of washers, which was stopped in May, 1942, will begin—they say they don't know. However, there are indications that within three months after the Germans are beaten production will be under way and probably in large volume within six months.

Depending upon when production starts, the estimated backlog (of washers, which has been growing since May, 1942) varies from 4.6 to 8.9 millions. Professor Slichter of Harvard has estimated that currently the backlog is 4.6 millions. International Statistical Bureau, the greatest optimists, estimate 8.9 millions at the end of 1944. One trade estimate at the same date is 5.4 millions, and Editor L. S. Mott of National Securities and Research Corp. estimates 7.1 millions at the end of 1945.

Estimated Post-War Demand

It is a good guess that American housewives are ready to buy about 5.5 million new washers. In 1943, the Curtis Publishing Company survey suggested the following annual post-war market as a logical possibility:

An Estimate of Post-War Demand for Washers

Annual replacement sales	1,500,000
Newly electrified farms and farms recently electrified	250,000
Newly established homes	500,000
Expansion of unsaturated market	250,000
	2,500,000

It is not difficult to forsee something in the neighborhood of $170 to $210 million a year in washer sales for several years. This means prosperity for the industry and should mean fair-sized earnings, assuming a Federal Income Tax rate not exceeding 50%.

Prices To Be Higher

Prices will be higher in the post-war period, perhaps by 10 to 20%—the increases, however, will not be as large as some automobile price increases. In the last full pre-war year of 1941, according to trade figures, the following was the breakdown by price categories:

Breakdown of Washer Sales by Price Category for the Year 1941

Retail Price Range	No. of Units	% of Total Production
Electric—		
Below $40.00	58,744	3.19
$40-$49.99	245,796	13.37
$50-$69.99	750,586	40.83
$70-$99.99	464,495	25.27
*$100 & Over	318,767	17.34
Electric total	1,838,388	100.00
Gas—		
Below $70.00	20,958	17.25
$70-$99.99	82,119	67.59
$100 & Over	18,422	15.16
Gas total	121,499	100.00
Combined total	1,959,887	

*All automatic washers are in the higher price category.

It is expected that after the war the lowest-priced washers will not appear, at least until the seller's market has abated. Easy and Apex, which were the largest producers in the very low-priced category, made very small margins of profit according to published figures (see table below).

How High Are the Shares?

The big question which must now be answered is whether the 1942-1944 advance in the common stocks of the home washer manufacturers has fully discounted the expected prosperity of the industry. As a measure, first we might examine what has happened to prices of the "Big Seven" since the bull market started from the lows of April-May, 1942. Taking the high prices of mid-July, 1944, and ranking the stocks according to their present advances, we find that while the Dow Jones Industrials advanced 62.8% the poorest of the washer stocks gained 152.9%. Bendix, the leader, advanced 1775.0%.

Washing Machine Stocks Bull Market Advances Compared
(Ranked according to greatest gains)

	1942 Low	1944 High	Per Cent Advance
Bendix Home Appliances	½	9⅜	1,775.0
Maytag Co.	1¼	11½	820.0
Electric Household Utilities	3	14¼	375.0
Easy Washing Machine B	2	9¼	362.5
Nineteen Hundred Corp.	4⅜	11¾	168.6
Apex Electric Manufacturing	7¼	19	162.1
Barlow & Seelig	6⅜	16⅛	152.9
Dow Jones Industrials	92.69	150.88	62.8

Pre-War Earnings Poor

In 1941, which was the industry's best year, the principal washer companies made profits which were nothing to write home about, as is indicated in the following table:

Comparison of Sales, Net Income, Per Cent of Net to Gross and Net Earnings Per Share of the Principal Home Washing Machine Stocks

	Sales	Net Income	% of Net to Gross	Net Earns. Per Share
Apex Electric	$10,166,007	*$97,186	0.9	$0.55
Barlow & Seelig	5,255,715	303,797	5.7	1.57
Bendix Home Appliances, Inc.	7,882,956	174,905	2.2	0.13
Easy Washing Machine Co.	11,718,000	377,125	3.2	0.75
Electric Household Utilities	10,168,259	701,665	6.9	1.81
Maytag Company	16,242,653	1,625,646	10.0	0.33
Nineteen Hundred Corp.	10,245,852	584,914	5.7	1.71

*After deducting $500,000 non-recurring income from patent litigation.

These earnings, however, are not necessarily indicative of what is to be expected in the first three post-war years, even considering substantially higher tax rates.

Earnings Prospects Most Important

The degree to which the home washer stocks are now over-priced (if they are), it seems will depend primarily upon the ability of the various companies to increase profit margins and bring more down to net for shareholders, despite higher taxes. If they cannot do any better than previous records, the stocks look over-priced at current levels.

However, all of the companies will have the advantage of large volume, and it is fair to assume that earnings will be higher, at least for two or three post-war years. It is reported that the big producers of washers will start post-war production by bringing out models quite similar to the pre-war ones of the conventional type. Thus tooling costs will be relatively low and conversion back to washing machine production should be rapid.

With much greater volume than ever before, with lower marketing costs and with prices at least 10-15% higher, profit margins should be considerably greater—enough to offset much higher taxes and still leave greater earnings per share.

The impact of the demand for automatic washing machines is important. Such units are higher in price, and are mechanically quite different from the conventional type. It would be costly for many of the companies to develop volume production in automatics. Moreover, they would run into a powerful patent structure which has been built up by Bendix. It is this situation which explains the history of the advance in Bendix stock, despite the fact that it is the youngest company of the "Big Seven."

Coming Demand for Automatic Washers

In a recent survey made by McCall's Magazine, a panel of 7,000 housewives were interviewed. Geographically and economically they were representative of the nation as a whole. It was learned that 75% of American housewives do their own washing—60% of them had seen and knew about automatic washers—32% of this group felt that they must have an automatic washer as soon as available—38% more expressed a desire to have an automatic washer. This suggests that at least 42% of American women are prospects for automatic washers. Interesting in this connection is the fact that only 5% of the 1941 sales were automatics and only approximately 1.8% of the 17,670,000 home washers now in operation are automatics.

In the post-war period at least one or two of the "Big Seven" will bring out semi-automatic machines. However, it is almost

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The Post-War Trade Outlook

A Review And A Prospect

By EUGENE VAN CLEEF
The Ohio State University

Economist Holds That Exports Of Manufactured Goods Should Continue To Rise, Although At A Slower Rate Than In The Past. Sees Prospects For Export Expansion In Far East After Japan's Defeat. Looks For Decline In Imports From Europe And An Increase From Lesser Developed Regions, And Predicts In The Near Future There Will Be A Greater Tendency For World Trade To Level Off And Ultimately To Decline

Dr. E. Van Cleef

Predictions of our post-war trade prospects are becoming so common, their market value is rapidly approaching the proverbial "dime a dozen" level. Presumably we can have about as many opinions as there are persons able to think. Some of these opinions are mere "shots in the dark" but some are based upon certain statistical data which give them a degree of dependability. In this discussion we shall look ahead in terms of world trade data which provide in all probability, as sound a foundation for forecasting as any data at the moment can yield.

The American business man has at long last come to appreciate that our domestic trade, no matter how local in character, ultimately is affected by our international trade relations. Too often in past decades he has failed to see the general trade forest because of his closer proximity to its individual industrial trees. In such circumstances, a view of our total economic situation lacks proper perspective. So in the argument to follow we shall look over a unit of America's trade experience dating from Civil War days and on that basis endeavor to project our probable experiences. Immediately, someone will say, the past is no criterion for the future. This can be true. But the past is the only experience we have and if we recognize that the future can be radically different from the past, even while we make our forecast, we shall avoid self-deception. Obviously, if the future takes on some catastrophic form, none of our predictions will be worth while. However, we have reason to believe that these current years of war will not in the long run change man's ways materially. His evolution through eons of time has been exceedingly slow and offers no basis whatever for any supposition that the next few years will find him radically different. This is an important conception which should not be lost sight of for a moment.

In the accompanying graphs, figures 1 to 4, are shown the trend of our exports and imports by classes of commodities and trends in the distribution of our trade by regions. Figures 1 and 2 in particular should be tacked up in enlarged form on the office wall of every sales executive and alongside, graphs depicting the sales trends of the specific commodities which the respective firms sell. These curves cover a period marked by a critical shift in our national viewpoint and in our trade status.

Until the Civil War we had participated in world affairs both as traders and as carriers of goods. Ships proudly flying the American flag were known in every port of consequence. But after the war we turned our thoughts from the seven seas toward the interior of our vast undeveloped land and concentrated upon its settlement and exploitation. Furthermore, the Bessemer process of steel manufacture had been invented in England where iron ore was abundant. This process made possible the construction of steel ships. Our wood vessels could hardly hope to compete with British steel ships and up to this time our own vast iron ore resources had not yet been discovered, making the prospect at the time rather dismal for the American ship building industry.

This shift in our national interest soon was reflected by our world trade curve. Our exports of crude materials took a precipitate and continued fall as we retained more of these materials for our own embryonic manufacturing industries. Coincidentally our exports of manufactures started upward although at first at a rather slow pace. Lagging somewhat behind was a decline in our exports of crude and manufactured foodstuffs. The processing of foods generally had to await advances in mechanical refrigeration and the invention of various kinds of machinery for the processing procedure.

Another factor affecting changes in the character of our trade was a rapidly growing population in Europe and emigration from Europe to the United States. Figure 3 shows how our exports across the north Atlantic fell off rapidly, while they increased at a slower rate to our neighbors in North America, to South America and to the Far East. Between 1871 and 1930 the percentage of our exports to Europe was almost halved; nor was this compensated for by our increased exports to other regions. Our own growing population absorbed the difference.

While the percentage of our total exports to Europe declined, certain changes in the character of those and other exports were taking place as already noted. These exports became especially significant about the year 1900 when the rising curve of exports of semi-manufactured and manufactured products crossed the falling curves of crude materials of all types. This event at the turn of the century marked a new era in our world-wide economic activities and likewise celebrated the birth of the United States as a manufacturing nation. Note, that this event occurred less than half a century ago.

The import curves reveal a picture complementing the export curves, which is as it should be. Our crude materials imports have increased as we have consumed more of our own products coincident with the rapid expansion of our manufacturing industries and broadened the field of our industrial achievement. Without many imported raw materials, we could not have manufactured the telephone, dynamos, motors, automobiles, refrigerators and hosts of other commodities which so widely affected our domestic economy and comfort. Our imports of finished products naturally reveal a considerable decline as we ourselves developed the industries. Foodstuffs importations show somewhat smaller departures from earlier years, although for a time they fell steadily, providing another crossing of curves at the turn of the century, this time a crossing of foodstuffs and crude materials. The later slowing down in the rate of fall of the foodstuffs curve was due to the introduction to our markets of more tropical and sub-tropical prod-

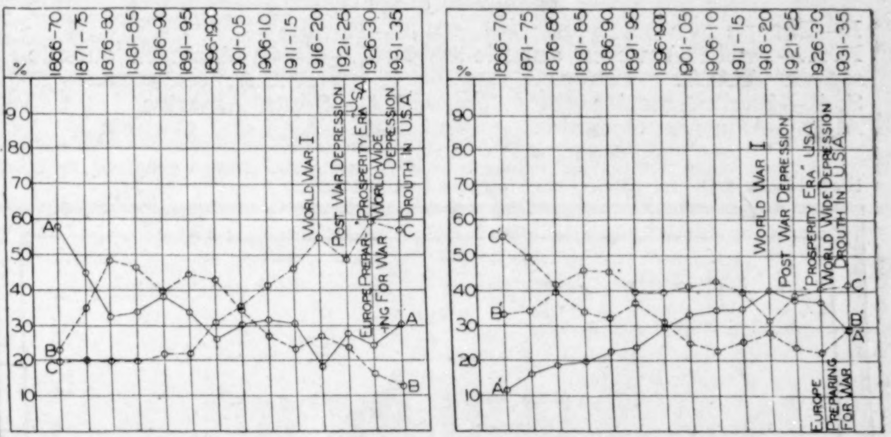

Fig. 1

Fig. 2

Exports and Imports of Merchandise (%) By Commodities

(Data from Statistical Abstract of the United States—U. S. Dept. of Commerce and Bureau of the Census)

A—Crude Materials
B—Crude and Manufactured Foodstuffs
C—Semi-manufactured and Manufactured Products

A'—Crude Materials
B'—Crude and Manufactured Foodstuffs
C'—Semi-manufactured Products

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The Post-War Trade Outlook

(Continued from page 921)

ucts, certain specialized food products such as sardines, Swedish bread, Spanish olives and many other edibles, which grew in popularity among us.

Exceptions to the trends of our export and import curves may not be ignored. These occur for the most part in the period beginning with World War I and coming down to date. The reasons are not far to seek and need no amplification. They are marked on the graphs and are fresh in the minds of all business men. These exceptions are what we had in mind when earlier we noted that predictions can have validity only when man behaves reasonably well and does not engage in revolutions or other cataclysmic operations. When the latter conditions arise, the best we can do is live from day to day and leave the practice of forecasting for soothsayers, crystal gazers and their ilk.

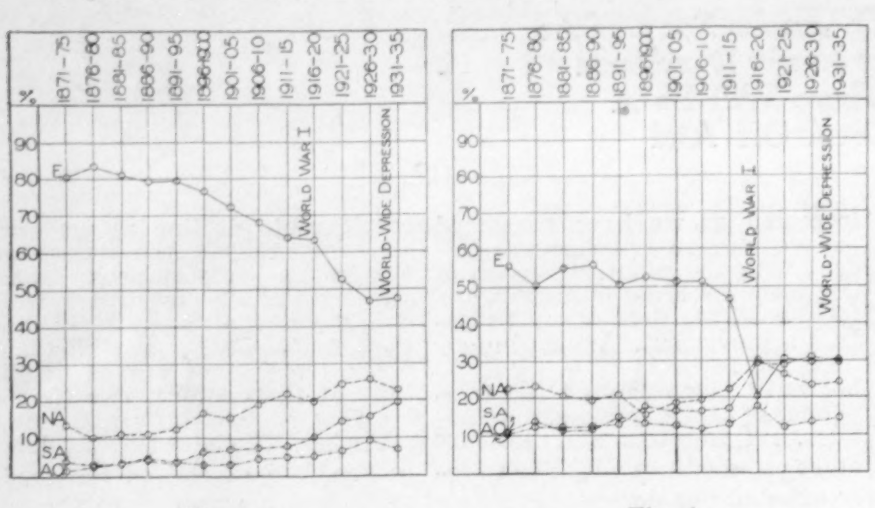

Fig. 3

Fig. 4

Exports and Imports of Merchandise (%) By Continents

(Data from Statistical Abstract of the United States—U. S. Dept. of Commerce and Bureau of the Census)

E—Europe
N. A.—North America outside U.S.A.
S. A.—South America
A.-O.—Asia and Oceania

E—Europe
N. A.—North America outside U.S.A.
S. A.—South America
A.-O.—Asia and Oceania

African trade not represented because it is negligible. Range generally from less than 1% to 5.2% for exports and imports combined.

On the assumption that after this war is ended we shall experience a peace lasting for some 35 to 50 years, we can predict certain general trends in our world trade. Into these trends can be fitted the trend of specific businesses. We can eliminate the probability of another worldwide depression soon, owing to the lessons we have learned from our monetary experiences since the last war and the leveling-out process going on among the nations resulting in lesser financial advantages of some nations over others.

Our exports of manufactured goods should continue to rise although at a slower rate than in the past, owing to increased European manufacturing and the slow but sure growth of manufacturing in many nations which heretofore have done little along these lines. Hardly a nation which is not going to increase its manufactures. Our own curve may increase rapidly for three or four years immediately after the war, until Europe regains some of its earlier stability and then settle back again to a slower rate. We should not lose sight of the fact that whereas Europe has been our best customer, the percentage of our total world sales going to that continent has fallen steadily. The continued rise of our export curve will depend upon our ability to develop new markets. In this connection let us not overestimate South America but note carefully in Figure 3 that both the Far East and North America outside the United States, show substantial rates of increase as customers of ours and offer good long-run prospects. Too many business men have overlooked in particular, the fact that the Far Eastern trade curve outdistances the South American both in rate of rise and in absolute total of trade. What is more, this is likely to continue, for if Japan had any prospect of a monopoly on Far Eastern trade before this war, as some persons thought, that prospect is certainly gone now.

The percentage of our total imports coming from Europe likewise shows a decline while from other regions it increases. Analysis of these imports reveals that they are made up to an increasing extent of crude materials (Figure 2) and that the less well developed regions of the earth, especially low latitude areas, can supply us with greater quantities of such materials than advanced regions. However, let us not forget that as these undeveloped regions engage in more manufacturing activities they will become more important competitors of ours, even as they supply us with more raw materials.

In general, then, the curves of exports and imports are likely to continue the trends which they showed in the period of 1911 to 1916 with the exception of (1) the export curve for crude and manufactured foodstuffs which in that period momentarily rose, and (2) the import curve for the same class of goods which is likely to level off at the same rate as indicated at this time. In this argument we revert to the trends at the beginning of World War I rather than to any period since then, because it is evident from the pattern of the curves during the past 25 years and from the facts as we know them that the recent pattern has been abnormal rather than normal. It has been erratic and as such is not a safe basis for prediction.

In the near future, there will be a greater tendency for world trade (both exports and imports) to level off than to increase or decrease, although ultimately, as the populations of the continents become static and industrialization develops apace, both exports and imports are likely to decline. Not only that, but the paths of commerce will tend to shift from east-west routes to north-south, that is from trade between regions climatically similar to trade between regions climatically different, probably between high and middle latitudes on the one hand and low latitudes on the other.

We fully appreciate the complexities of life and the great uncertainty of man himself, who at best is as variable as elements which demand consideration in a forecast of trade trends. But these elements are of greater significance in association with the details of a local business than with the sum total of the nation's business. The individual manufacturer no longer dares remain oblivious to the whole nation's world trade trends in assessing the probable future of his own business.

If our trade relations with the rest of the world decline, many industries here will decline and in turn our local purchasing power will be correspondingly affected and this in turn means less business for still others who depend upon the constancy of that purchasing power.

It is important for us to recognize that we sell to other nations quite as much to enable us to buy raw materials upon which our domestic business depends, as we do for immediate profits. Without a market abroad we would be forced to resort to gold or services in direct payment for our imports and such procedure normally is not possible.

Accordingly, it must become apparent to the small merchant that his business, heretofore seemingly local and wholly unrelated to the larger sphere of business is, as a matter of fact, highly sensitive to world trends. Consequently, if he is interested in forecasting his business future, he will do well to view that future in its relation to the future of our world trade as we have attempted to record it here.

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Bretton Woods In Review

II—The International Monetary Fund

PHILIPP H. LOHMAN, Ph.D.

Economist Analyzes Purposes Of The International Monetary Fund As Stated In The Agreement And Concludes That The Only One That Can Be Effective Is The Provision Of Machinery For Consultation And Collaboration—Holds Tremendous Obstacles Exist In Path Of Real Facilitation Of International Trade And Points To British Imperial Preference As An Illustration—Predicts Problems Of National Sovereignty Will Hamper The Fund's Operations.

P. H. Lohman

So much has been written about the provisions of the International Monetary Fund proposed by the United Nations Monetary and Financial Conference at Bretton Woods, N. H., that it is hardly worthwhile at this time to enumerate them. What is much more interesting is to take the six purposes stipulated in Art. I of the agreement and see to what extent the machinery of the proposed world stabilization fund could reasonably be expected to achieve the purposes set forth.

Purpose I is "to promote international monetary cooperation through a permanent institution which provides the machinery for consultation and collaboration on international monetary problems."

Probably of all the remaining five purposes, this is the one that the fund, if and when set up, could really accomplish. As stated before, the Fund is really a bank from which the members borrow in amounts determined by their respective quotas. It certainly will not stabilize currencies. It is in reality nothing but an agreement to tell each other what and why each sovereign nation has done what it has done or, more optimistically stated, explain what each sovereign nation proposes to do. A number of commentators seem to think, as does for example Mr. Lippman, that even if this nation does not get anything else out of its $2,750 million contribution to the Fund, it would be a cheap price to pay for obtaining such information. There is something in that sentiment. Still to pay nearly three billion dollars merely for the rather dubious privilege of being told what someone else has done or is about to do, is a pretty steep price to pay for information.

But any critic must admit the necessity of obtaining information and advice. If nations will really submit to a central clearing office all the information as they promise to do under Art. VII, Sec. 5, no doubt a great step forward will have been taken. But must this be by necessity in connection with an $8,800 million stabilization fund?

Purpose II: "To facilitate the expansion and balanced growth of international trade, and to contribute thereby to the promotion and maintenance of high levels of employment and real income, and to the development of the productive resources of all members as primary objectives of economic policy."

Unfortunately, the Fund as such can do precious little for "the expansion and balanced growth of international trade." Sometime ago, prior to the debate in the House of Lords on international monetary proposals, some one raised the question whether to discuss currency stabilization before international trade problems was not putting the cart before the horse. One imagines the question was raised in the light of the history of the 1920's when the least line of resistance was followed in re-establishing the gold standard, but no institution nor policies were agreed upon which would have assured the free(er) flow of goods and capital between nations.

At any rate, Lord Keynes' answer was that "it was perhaps an accident that the monetary proposals got started first and are therefore more fully developed. . . . As we cannot talk about everything at once, let us talk about these first."

The "Economist's" comments were: "If the procedure of going ahead with some matters leads to a belief that they are the more important, real damage may be done. . . . But accidents of chronology must not be allowed to obscure the basic truth that the financial should be entirely subordinate to the economic, and the economic to the political."

After three weeks at Bretton Woods, I have very much come to the conclusion that tremendous obstacles exist in the path of real facilitation of international trade. Professor Ludwig von Mises in his recent **Omnipotent Government** (Yale University Press, 1944) hits the nail on the head by saying: "Whether or not there exists a supernational authority with an international parliament is of minor importance. The real need is to abandon policies detrimental to the interests of other nations. **No international authority can preserve peace if economic wars continue.** In our age of international division of labor, free trade is the prerequisite for any amicable arrangement between nations." (Italics mine.) In other words, Professor von Mises advocates a return to multilateral trade, not bilateral trade, which is so important to the United States in that we cannot by the very nature of our trade balance bilaterally. If economics means anything it means the allocation of scarce resources (land, capital, labor) in such a fashion as to assure the highest possible standard of living to a nation.

On May 19, 1944, Secretary of State Cordell Hull expressed a similar belief by saying that "the great majority of American businessmen will recognize the need . . . for utilizing our enormous capacity in the production of the kinds of peacetime goods best suited to our material and human resources; for choosing those lines of production that can stand on their own feet without heavy tariff protection or subsidies." But what happened at Bretton Woods?

When the question of the British blocked sterling balances arose, Britain insisted it could not consider their inclusion in the Fund as originally contemplated in the White Plan; insisted that this was solely a question to be decided between Britain and her creditors. The Indian delegation, composed of extremely capable individuals well-versed in business and finance, argued most convincingly that if India should be forced to settle her $4 billion credits directly with Britain, she would be forced into the very type of bilateralism that the Conference and the Fund intended to eliminate. There can be no stabilization of currencies without multilateral trade.

Purpose IV of the Fund recognizes that by stating: "To assist in the establishment of a multilateral system of payments in respect of current transactions between members and in the elimination of foreign exchange restrictions which hamper the growth of world trade."

How much the United States realizes the importance of multilateral trade to her is seen by the fact that we insisted on Britain's agreement to Art. VII of the "Master Lend-Lease Agreement" of Feb. 23, 1942. This article represents an agreement of the United Nations that in effect, in partial consideration for lend-lease advances, no discriminations shall be placed upon international commerce to be conducted after the war. In the past Britain has always asserted that intra-empire trade is not to be included in international commerce. The agreement of Feb. 23, 1942, seemed to have abandoned that claim.

But the "Economist" said two years later (4-29-44): "There is no chance that the British Parliament would consent to the abolition of the system of imperial preferences save possibly as part of a very large reconstruction of international trade involving concessions by other countries far larger than any yet in prospect." A week earlier, the London "Times" editorialized: "The debate in the House of Commons on Empire relations has shown that the House, and the public outside the House, will scrutinize very jealously any agreement which even appears to restrict the freedom of Empire countries to make trade and other arrangements among themselves for their mutual advantage."

There are, according to Lord

(Continued on page 924)

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Henry J. Arnold	Clair S. Hall & Co.	Cincinnati, Ohio
Wm. Atwill, Jr.	Atwill & Co.	Miami Beach, Fla.
John Baas	Westheimer & Co.	Cincinnati, Ohio
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Leroy Ballinger	Ballinger & Co.	Cincinnati, Ohio
Elmer F. Barkau	Taussig, Day & Co.	St. Louis, Mo.
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George K. Baum	Baum, Bernheimer Co.	Kansas City, Mo.
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Bretton Woods In Review

(Continued from page 923)

Keynes, $12 billion of British blocked balances accumulating with such countries as India, Egypt, Argentina, Iran, and others. To force such settlements through bilateral channels will certainly hamper expansion of multilateral trade. This the Indian delegation stressed again and again.

Bilateral balancing of trade means the intrusion of government into business. It means a big country (like Germany) using the bargaining power of her market to secure dependence of other countries (especially in her case the Balkan countries) upon that market. Once such dependence is established, no government can easily oppose tricks of forced sales. No government can easily stop the smaller countries' gradual but inexorable decline to vassalage.

I shall always remember how the weakness of the United States trade position was revealed by George Peek's reciprocal trade proposals of 1934-35. Mr. Peek vigorously proposed a trade agreement with Brazil, pointing out our bargaining power was strong with that country because our imports from Brazil exceeded our exports by considerable amounts. But for each country with which Mr. Peek could suggest such an arrangement, his opponents named five countries with respect to which the shoe was on the other foot.

If the purposes of the Fund are to be accomplished, then there must be a clear understanding among the United Nations that bilateralism is out. To be sure, this will involve concessions all the way around, including the United States. But they must be made if currency stabilization is to mean what Purpose III alleges.

Purpose III states: "To promote exchange stability, to maintain orderly exchange arrangements among members, and to avoid competitive exchange depreciation."

In his speech on the International Monetary Fund to the House of Lords on May 23, 1944, Lord Keynes said: "We are determined that, in future, the external value of sterling shall conform to its internal value as set by our own domestic policies, and not the other way around." England obviously wishes to control her internal economy and to avoid the external pressures under a full gold standard which threaten that control. No one can blame her if she wants to avoid unemployment resulting from deflationary pressure. But how can one speak of exchange stabilization if countries may devaluate when pressure mounts? Moreover, the proposal for the Fund still

(Continued on page 926)

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Security Trading And Security Traders Of Bygone Days

By A. S. MORTON

Writer Traces The Development of Security Trading In The United States As A Separate And Distinct Business—Calls Attention To Part Played By Individuals And Firms In Establishing Security Markets And In Promoting The Economic Expansion And Development Of The Country And Holds That Security Business Is Essential To Nation

A little over a century and a half ago there were no security traders in America, because there were no securities. It was not until Alexander Hamilton, by funding the Revolutionary debts and by establishing the first Bank of the United States in 1791, laid the groundwork for dealings and trading in securities, that the securities and stock brokerage business began to take root in the leading cities of the new republic. In England, however, the "stock jobber" and the "stock broker" had already become terms representing an established avocation. The term "stock jobber" in Great Britain, unlike in this country, was never an epithet of opprobrium. The original English representative of the House of Rothschild was frequently designated as a "stock jobber," without the least implication of contempt in the term. It is still commonly used to represent what we call here a "security dealer."

When the $20 million of new Government bonds and the $10 million of new Bank of the United States shares were put into the hands of the impoverished and almost moneyless inhabitants of the newly-organized republic, it required the creating of markets and traders to give them exchange value and marketability. Fortunately or unfortunately (whichever way you look at it) there was a progressive, optimistic and speculative spirit existing among the people of the period. The new securities, despite the lack of coin and other forms of money, began to change hands rapidly. This led to a need for intermediaries and marketing machinery for effecting exchanges.

The first individuals to engage in the business of security trading were, of course, the merchants and the dealers in foreign and domestic bills of exchange. These men had become accustomed to acting at times as bankers or as borrowers, as well as purchasers and sellers of domestic and foreign drafts. However, there was a need for specialized brokers to act as intermediaries in the transactions. These men were drawn partly from individuals and firms who were already engaged in the auction business, and partly from others, who because of their family or political connections, had close contacts with the moneyed and trading classes of the community. It was a group of these individuals and firms who, on May 17, 1792, signed the agreement under a buttonwood tree near William and Wall Streets in New York City, to form an organization from which the New York Stock Exchange claims its origin. A similar form of organization agreement was enacted in Philadelphia several years later.

Among the 24 signers of the New York document establishing a trading organization were men of both commercial and political importance in the community. They included Leonard Bleeker and Bernard Hart. Both were men of means and were active in the political and social affairs of the city. Bleeker was a member of an old Dutch family and was a leading auctioneer and real estate owner. He has a street named after him in the downtown section of New York City. Hart was long identified with the New York Stock Exchange and was its first secretary, but his greatest distinction stems from the fact that he was the grandfather of the great American novelist, Francis Brete Harte. Both of these men continued to carry on dealings in stocks and bonds throughout their lifetime, but Bleeker's principal business, under the name of Leonard Bleeker and Sons, comprised that of an auction and mercantile house, a lucrative business for that period.

Not all of those actively engaged in stock dealings appear to have signed the original organization agreement under the buttonwood tree on Wall Street. There is absent the name of John Pintard, one of the prominent political and social "high lights" of the period, whose present fame is based largely on the fact that he was one of the founders of the New York Historical Society, together with other institutions of which the city is proud. Pintard inherited a fortune and, like many other capitalists of the time, engaged in shipping and merchandising. When the new Government bonds were issued, Pintard was active in dealings in them. Unfortunately for him, however, he joined with William Duer in 1791 in attempting to corner the issue, and as a result lost most of his fortune.

Another prominent broker and jobber, who also joined in the Duer corner episode, was Isaac Whippo. He was probably the most active dealer at the time, but had a relatively short business career. Unlike Pintard and the other security dealers in the early days, Whippo was an "upstart". He raised himself into prominence as a stock dealer and a speculator from the humble occupation of an oysterman. But he became associated with the two leading financiers and capitalists of the period, viz.: William Duer, a social highlight (who succeeded Robert Morris as head of the National Treasury), and Alexander Macomb, reputed to have been the richest man in New York when the first National Government was inaugurated in that city. These three men engaged in joint speculations and promotions and, among other things, attempted to "corner" the new issue of Federal 6% Bonds. The move ended in a complete debacle, and brought ruin to many prominent dealers and brokers of that day.

Although Duer and Macomb were sent to jail (Duer died there), Whippo succeeded in absconding and nothing further was ever heard of him. All this happened in 1792, prior to the first organization of stock brokers in New York. It caused a great shock to the security market, and for a time greatly reduced the volume of transactions.

As far as is known, the earliest mention of an attempt toward establishing a market place for transactions in securities in New York City is found in the newspaper called "Diary, or London Register," which early in March, 1792, contained the following advertisement:

"The New York Exchange Office is opened at No. 22 Wall Street for the accommodation of dealers in stock, and in which Public Sales will be held daily at noon as usual in rotation by A. L. Bleecker and Sons, J. Pintard, McEvers and Barclay, Cortlandt and Ferrer, and Jay & Sutton."

The firms mentioned were mercantile and auction houses, thus

(Continued on page 927)

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(Continued from page 924)

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R. Jeremy Glas	Glas & Crane	New Orleans, La.
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Bretton Woods In Review

(Continued from page 924)

contains the old phrase: No objection "to a proposed change because of the domestic social or political policies of the member proposing the change" in parity.

One is reminded of the shaky European cabinets of the 1920's. Will devaluation made easy keep them longer in power by permitting them recourse to unsound fiscal policies, and in so doing make conditions all the more unsound over the long run? Surely every reputable economist agrees that in fixing exchange rates attention must first be paid to the factors most resistant to change, namely, the level of wages, "sticky" prices, and the volume of domestic and foreign indebtedness. Even in cases when a modification of exchange rates is unavoidable, it will be essential to success to combine such a step with a direct adjustment of costs and prices.

All this is a question of national sovereignty. No one, particularly not the British, wants to give up any part of national sovereignty to the personal dictates of executives of an international monetary fund nor to the impersonal dictates of an international gold standard.

There will probably be many requests for changes in parity when debtors (how many or rather how few are not debtors among the 44 nations that were assembled at Bretton Woods?) feel themselves pressed. If that is true, what about long-term investments and lending abroad, without which there is little chance for exchange stability in many, if not most, countries? Suppose that after a United States private investment has been placed, the country involved comes to the Fund to obtain permission to devaluate, who takes the losses on the investment? Private investors? Or do governments guarantee such investments? The proposed International Bank for Reconstruction and Development? If losses to investors from possible exchange depreciation are a contingency, the interest rate on loans would have to be very high and would so again burden balance of payments as to make it almost inadvisable to make such loans.

Then there is still the question of actual par values upon which the Conference did not touch at all. What criteria will be employed to set par values? Indeed, a difficult question to settle even if none but economic criteria are involved. Purchasing power parity between two countries is not an easy thing to ascertain and without some such approach an exchange rate can easily, intentionally or otherwise, constitute an

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Security Trading And Security Traders Of Bygone Days

(Continued from page 925)

indicating that these concerns, who handled securities as a side line, desired to establish a common market place under a joint arrangement.

Although security dealings were combined with other mercantile and banking transactions for several decades, the activities of the security trader and broker gradually became specialized and separate. The increase in the number of corporations, particularly the new banks and insurance companies, railroads and other transportation and utility projects, led to a large and constantly expanding variety of stock and bond issues. The States also issued large blocks of bonds, which required marketing facilities. Gradually there were established specialized firms to handle the business. Prominent among these were Prime, Ward and King and Jacob Little & Co. in New York City and A. W. Clark & Co. of Philadelphia.

There were also houses representing foreign concerns such as the Joseph Brothers representatives of the Rothschilds, and Le Roy & Bayard, who represented French and Dutch interests. The Josephs failed in 1837 and were succeeded by August Belmont and Co., as the Rothschild agents.

The firm of Prime, Ward and King is reputed to be the first genuine investment banking house in America. It was founded by Nathaniel Prime, who was a protege of Rufus King, a prominent capitalist, and, at one time, United States Minister to Great Britain. Prime began business in a small way with borrowed capital, but his firm prospered, and later he took in as a partner Edward G. King, a son of Rufus King. Prime retired from the firm after the panic of 1837, and died in 1843 by his own hand. He was considered a wealthy man in his day, but lived in constant dread of losing his fortune. His fine home at No. 1 Wall Street, facing the Battery, was a show place of the city. His son continued to reside there after the father's death, but the fortunes of the firm thereafter took a bad turn. In 1846 Prime, Ward and King was dissolved, and succeeded by Prime, Ward and Company, but in September of the following year it went into bankruptcy.

However, during the period of its activity, the banking house of Prime, Ward and King was a prominent and important factor in the financial affairs of the nation. It was this concern, along with Nicholas Biddle's "Bank of the United States" in Philadelphia, that handled large blocks of State bond issues put out during the period from 1820 to 1840. The credit of the firm was so well established that during the panic of 1837, when New York State was about to default on its bonds, due to lack of cash, it received a gold loan through Barings of London, from the Bank of England in order to relieve the State of its financial distress. The gold was shipped to New York, and helped considerably to relieve the banks of their need for specie.

The negotiation of this loan is ascribed by Julia Ward Howe, the authoress, to her father, Samuel Ward, who was a partner of the firm. "Of all her rich ancestral inheritance," states a biographer, "Julia valued most the fact that her father saved the State of New

(Continued on page 940)

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Security Trading And Security Traders Of Bygone Days

(Continued from page 927)

York the disgrace of repudiating its bonds."

Perhaps the most outstanding and interesting character among those who engaged in security trading in the early Eighteen Hundreds was the bold and erratic Jacob Barker. He was a New England Quaker, born in Maine in 1779, who, before he was 21 years of age, already had become a leading New York shipowner and merchant. At one time, he controlled more ocean sailing vessels than any other American capitalist. But a succession of mishaps and the seizure by the British of his ships during the War of 1812 compelled Barker to turn to banking and security trading as an avocation. He bought an issue of $5,000,000 bonds from the Federal Government, but lost heavily on the deal, because, as he claimed, the Secretary the Treasury soon thereafter put out another issue at a higher rate of interest. He ran a bank on his own personal credit, and issued notes, which, for a time, served as the "shin-plasters" which furnished New York City with a large part of its circulating medium. In addition, he organized and dealt in the securities of insurance companies and banks. His bank failed in 1819, but he continued his financial operations. Later, however, he was involved in other financial mishaps and was brought to trial for conspiracy. After two trials, the indictment against him was finally quashed. He then sought a new field of operations, taking up residence in New Orleans in 1834, where he became the President of one of the leading banks, and again accumulated a large fortune. This, however, was largely swept away during the Civil War. His last years were passed in retirement with his son, Wharton Barker, a prominent citizen of Philadelphia. He died in 1871.

Jacob Barker was succeeded in his security business by his protege and former employee, Jacob Little. Although Little gained fame as a speculator in securities, and a manipulator of "corners," he operated a securities firm in partnership with his brother under the name of Jacob Little & Co., and did a large business with the public. He was known as a hard worker, attending personally to all his manifold duties and, although curt and cold in his manner, he was generous, particularly in his treatment of those who suffered losses from his stock market operations. His fortune fluctuated from time to time, and at his death his estate was extremely moderate, considering that he had the reputation of "digesting more stock in one day than the weight and bulk of his whole body in certificates."

Barker and Little were products of the chaotic conditions in the securities markets of the pre-Civil War days, when security speculation and security marketing were combined, and those engaged in the business generally indulged in both avocations. Following the Civil War, however, security speculation and security marketing developed along sep-

(Continued on page 943)

Post-War Export Prospects

(Continued from page 917)

if offered as presents. Besides, the vastly increased productive capacity of farm and plantation in the food-exporting countries — Iowa corn yield per acre, as an example, has risen in the last decade by almost 50%—is such as to assure return to "normal" competitive conditions as soon as the first full post-war crop has been brought in. For the high cost agriculture of the U. S., this leaves meager chances for maintaining food exports on any major scale.

International demand for *industrial raw materials* is likely to be far more voluminous and persistent, especially so again immediately after the war, while inventories have to be replenished. Reconstruction and new industrialization will greatly enhance it, possibly for several years to come. However, several factors operate against directing this demand to any major extent towards the United States (unless artificially financed by us).

In the first place, large reserves of diverse raw materials, including scrap, are piled up in all belligerent countries, and also in neutrals. What is more, the capacity of producing them has been greatly expanded. Aluminum is a case to the point, with the world-wide capacity of the plants expanded probably 7 or 8-fold during the war. Even where no such over-expansion took place, the mere release of mining capacity, earmarked in war-time for military purposes, and the re-opening of the normal channels of transportation will bring out supplies from sources outside the United States. And these sources are able to offer the product in many cases at a cost far below the American level. American copper, e. g., can scarcely compete on the world markets (without export premiums) with the Rhodesian.

Regional Multilateralism

Then, too, self-sufficiency policies in the consuming countries are bound to affect minerals as well as farm and plantation products. It is important, in this context, to face squarely the fundamentals of post-war commercial policy in the British and Russian "spheres of influence."

In the case of *Soviet Russia*—including most of Central Europe that will constitute her economic domain—the ideological desire to make collectivism stick will be a major reason to strive for autarchy in the future, as it was in the past, even if military considerations shall have lost some of their urgency. (Will they?) At any rate, the Russian intention to develop their rich natural resources, and to create a self-sufficient raw material basis for reconstruction and further industrialization, is beyond doubt. Nor is there much doubt that the shortage of foreign exchange will be another factor inducing the Soviets to self-reliance wherever possible.*

The last-mentioned factor will be decisive for *British* commercial policy after the war, the contours of which have been clearly outlined by numerous authoritative statements. The prospect of a billion dollar annual deficit in Britain's post-war balance of payments is so well-known as to need no elaboration. It is generally assumed that she will have to raise her exports by at least 50% over the pre-war level so as to compensate for the loss of income from foreign investments, shipping services, etc. But it is very questionable whether British exports can be raised that much, in view of the reconstruction needs on the one hand and the pressure to improve living standards on the other. Given this strained position of Britain, and given the policy of "full employment", the result must be a drastic reduction of such imports which have to be paid for in "cash."

That brings up the system of so-called *multilateral clearings* within a Sterling Bloc, a trading area comprising all countries which will lean on Britain (and on one another): the Empire, except Canada; the minor western Europeans from Norway to Greece, and their colonies; the Arab countries; possibly also France. What will wield them into a currency system is partly political but largely economic reasons, such as the importance of the British market, or credits from London, or the worry over their short-term assets frozen in London, which are expected to total some $12 billions. In practice, the trading area will not be a free one by any means, but will operate with a minimum of currency regulations of the members against each other, while a maximum of such regulations will be applied against imports from countries outside the Bloc. In other words, individual clearing relationships of the German type will control transactions between the Bloc and other countries—so as to balance imports and exports—while a regime of a generalized type will be permitted within the Bloc. This is what the British call multilateral clearings so as to distinguish it (in name) from the present German system of governmental trade management.

The upshot of all this is that the Russian Bloc as well as the British Bloc will tend to be self-sufficient and to reduce their imports from the United States as much as possible, using substitutes in their place. And substituting goes a long way, as we have learned, in the case of foodstuffs and raw materials, and also of semi-durable manufactured products. Possibly, a third and minor trading bloc might arise around the La Plata: a customs' union or similar organization of a number of Latin American countries, with the same objective of limiting imports from the United States.

The Piece de Resistance of American Exports

All this would bode ill for American export chances, were it not for one category which will be in overwhelming demand all over the world. *Durable goods* proper, including means of production as well as consumers' durables, will be in extremely urgent demand far beyond the first one or two years of peace. Reconstruction of devastated areas is only one source of this demand. Far more important is the world-wide industrialization trend referred to above. Locomotives and agricultural implements, specialized heavy machinery, mining and refinery equipment, automo-

(Continued on page 944)

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*A recent article in the Soviet magazine "Under the Banner of Marxism" has restated with all possible emphasis the collectivist nature of Russian economy and its implications for the planning and direction of Russia's foreign trade.

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How Cheap Is Cheap Money?

(Continued from page 915)

anything but circulate. It took between four and five billion to carry us through the business and market boom of 1929. Suppose we need twice as much to pay our soldiers or for any other reason. Suppose we also assume that two billion is hoarded abroad. Add another billion to be on the safe side. We have left almost as much circulating currency as all the deposits in all the savings banks in the United States. And nothing can be done to bring it back into the banking system that would not scare our citizens within an inch of their lives. Nothing, that is, except to offer it enough in the way of wages (or interest) to get it out from under the mattress and at work.

We all know that War Bonds should have done the trick but they didn't. We made two mistakes there. First they were hard to cash and second they paid almost nothing unless they were held for a long time. Cheap money again! Billions of them have been bought for purely patriotic reasons. The chances are that they would have been bought if there were no interest at all. What will happen when the war is over? No one knows, but it isn't hard to guess.

And it isn't enough that every dollar of circulating currency is a potential inflationary menace of the first order, whenever it decides to move somewhere—anywhere! No "controls" in the world could keep that much free money tied down if it decided to move. Right now it's a good thing for everybody that people want to save. It's a very bad thing that they want to save currency. The reason for that is also simple.

Every dollar of circulating currency either had to come out of "till cash" or out of some bank's reserves. That's what happened to the "excess reserves" that so many worried about so needlessly. Cheap money took care of that! We said before that hoarding currency was the exact but less potent opposite of monetizing gold. Gold is really high-powered money. Every gold dollar is able to support two and a half dollars of Federal Reserve Notes, or nearly three dollars of Federal Reserve deposits. But every reserve dollar of the commercial banks secures about five or six deposit dollars, the dollars we use when we pay our bills by check. If the constant drain of reserve dollars by currency withdrawals keeps on much longer, we will really begin to run out of "ice."

To date the Federal Reserve has bought over fifteen billion dollars of Government securities to keep money cheap and keep the banks' reserve position good. Since October, 1942, when it was decided to "freeze" money rates, the *increase* in securities has been over thirteen billion dollars. We can keep that up for some time, thanks to our gold. But that brings up another and still more serious point.

All this came about and was made possible by our gold holdings. Today we own probably two-thirds of all the gold ever mined in the history of the world. Nearly all of it is in our banking system. Fort Knox is merely an inland storage vault. It may be too much gold in one nation's hands for the good of the world as a whole. No one doubts that eventually some of it may have to be loaned or given away to help other nations stabilize their currencies. But how much can we spare?

To read the plans from such conferences as that at Bretton Woods, one would think that gold was a minor item of importance and we could afford to dispose of a substantial part of what we have. And those who now plan how to get rid of gold and keep the cheap money it created do come up with some ideas that are amazing. It was even suggested that, since Federal Reserve notes are lawful money, they could be used "under the law" to secure Federal Reserve deposits. Lawful or not, the idea that any bank could use part of its liabilities to secure the rest of its liabilities was a pretty fantastic example of advanced economic thinking.

This brings us to another of our earlier questions. Where is this leading us? Well, the piling up of circulating currency leads straight down the primrose path to inflation. If that money were invested, or even deposited in some bank, it would not be a constant temptation to spend. So far, our people have saved and, as we said, it has been a good thing. With literally billions of money *in their pockets* there is almost nothing anyone could do if they ever changed their minds about saving. Another path we have taken, and a path we may find it very hard to retrace, is the path leading to outright Government control of our banking system. It was all done in a good cause. That we admit. But history shows that no government ever has been overthrown or changed permanently unless and until the banking system has been taken over. It isn't a pleasant thought, but it calls for some serious thinking.

Our last question is what, if anything, can be done about it? Perhaps nothing *should* be done about it today or tomorrow, but if nothing is done at all, or ever, and these trends are allowed to develop much further, the situation will adjust itself—probably at a very high cost. Situations which finally adjust themselves are pretty ruthless about it.

There are only two valid reasons why cheap money is so earnestly advocated by so many. One is the cost of servicing the debt, and the other is the effect on our institutions, especially our commercial banks, of the drop in bond prices if interest rates should rise. No one wants to pay any more interest than is necessary, but it is of paramount importance that our bonds remain sold and that means, very simply, that investors must remain satisfied to hold them. If it took an extra 1% on every obligation we will have outstanding at the end of the war, the added cost would be small by comparison with our planned expenditures for social security, economic rehabilitation, unemployment, insurance, public works, or many other projects which will develop after this war, to say nothing of pensions. And if such an added charge would avert the possibility that some day the people who hold so many of our demand liabilities might decide that they would prefer *things* to *money*, it would be a very sound investment and a small price to pay.

As for the banks, it should be possible to evolve and present offerings to others which would not affect the market price of their holdings and, if not, it should be possible to stabilize price by other means. The suggestion has been made that issues might be provided in which the coupon would change as the basic rate changed, so that the price would remain practically a constant. There is no good reason why that could not be done. And it might very well be tried first with an offering to private investors, savings banks and insurance companies of a perpetual obligation, similar to the British consols, payable to bearer, with coupons which would change each six months with changes in the current return on the basis of open market quotations, coupon changes to be figured to the nearest ⅛%. Such a bond could be offered as a 3% issue in the beginning, which is only a slight fraction above the return on war bonds if held to maturity.

It would be practically impossible to make that bond sell more than five points above or below par, and whenever it did so the coupon would change by only a small fraction. Outstanding bonds could be made convertible into such an issue, and at least one problem would be materially reduced. That is the refunding problem.

With such a bond available at the minimum of both credit and price hazard, savings banks could pay more interest to depositors and might easily absorb a large part of today's hoarded currency. Insurance companies would not feel so concerned about the return on their investments that they would revise their calculations, as one large company did not long ago, and raise premium rates.

The commercial banks, which can create money, and have created much of the money we now have, would require special study and quite possibly a special type of issue which could carry a lower but still fluctuating rate based on the consol rate, but that is a problem which need not come up at once. A 3% perpetual would not be far enough above the current rate on long Governments to cause any serious market disturbance at once, and most commercial bank portfolios are short-term obligations which, as we have noted, will find their own level in any event as they approach maturity and are refunded. It might be worth considering to

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Bretton Woods In Review

(Continued from page 926)

overvaluation or undervaluation of the currency under consideration. In either case there would be exchange instability. If, say, the franc would be overvalued, France should have to depreciate in the end, assuming that recourse to deflationary methods would be out of the question. If undervalued, most likely France's competitors would depreciate in order to keep their exports from falling before the onslaught of a cheap franc.

Purposes V and VI read: "To give confidence to members by making the Fund's resources available to them under adequate safeguards, thus providing them with opportunity to correct maladjustments in their balance of payments without resorting to measures destructive of national or international prosperity." "In accordance with the above, to shorten the duration and lessen the degree of disequalibrium in the international balances of payments of members."

To one criticism particularly that has been made of the Fund, I cannot accede, namely, that the Fund is too large for genuine stabilization purposes and thus invites misuse. On the contrary, the Fund is too small to provide members with short-term funds to correct temporarily adverse balances. During 1919-20, continental Europe alone imported foodstuffs to the value of $6.3 billion, raw materials valued at $7.2 billion, and finished goods worth $3.9 billion—a total of $17.4 billion. The Foreign Policy Association shows in its excellent study (just released), entitled **U. S. Foreign Trade and World Economy** (by H. P. Whidden, Jr.), how it was paid. "Merchandise exports, gold transfers and 'invisible' exports supplied payments of $5.1 billion and $5.6 billion, respectively, while it is estimated that the balance of $6.7 billion was financed by $4 billion in long-term loans and $2.7 billion in short-term credits." Out of the Fund's $8.8 billion, only $2.2 could be loaned in one year to **all** members. So either the Fund is too small if immediate post-war needs are considered or else it is far too big if **normal** balances are considered.

This, of course, gets back to such criticsm of the Fund as that of Dr. John H. Williams, Vice-President of the Federal Reserve Bank of New York, who has insisted right along that no plans for currency stabilization should be made until and unless all questions of relief and reconstruction, war balances, and all other requirements of the transition from war to peace have been made. The very fact that Article XIV refers to a five-year transition period during which members may retain diverse exchange controls would indicate a definite awareness on the part of the Fund's fathers to such problems. But the present proposal has nothing to say on that score.

Bretton Woods, regardless of what happens to its twins, made a noteworthy contribution to the field of international consultation. Mr. Lippman is unquestionably right; we need such meetings to understand each other better. The pity of it is that the public has heard too little of the real underlying differences between the important nations, the great differences which unless settled will prevent any attempt at currency stabilization and expansion of trade.

The Bretton Woods Conference brought forth a shiny, brand-new and expensive whistle. But it won't be much good without the machinery on top of which it is supposed to go. Let us not repeat the 1920's with their least line of resistance approach and let us bring the differences which block the restoration of multilateral trade out into the open. There must be the necessary economic concessions and agreements to ensure any workable international world order. But that means that nations must agree on some rules of the game and, above all, must not insist that when the rules work against them they must be permitted to change the rules.

Security Trading And Security Traders Of Bygone Days

(Continued from page 940)

arate lines. Daniel Drew, Jay Gould, James Fisk, Jesse Hoyt and a host of other Wall Street speculators were not concerned directly with security marketing. But there were such men, some truly great, who performed yeoman's service in distributing among the growing investment public and investment institutions the ever increasing mass of securities, which have resulted from the economic upbuilding of the nation and the exploitation of its vast resources. Among these were Jay Cooke, the financier of the Civil War, whose patriotic services in marketing Government bonds should never be forgotten; Henry Higginson, founder of Lee, Higginson and Company of Boston, who upheld the highest standards of trading, and J. Pierpont Morgan, the elder, who maintained the high business traditions he inherited throughout his career, both as a promoter, as a distributor, and as an upbuilder of American industry. Many others could be named who also helped to lay the foundations for the finer traditions of equitable principles of trade, which have become firmly established as the necessary process of broad security marketing, but space does not permit giving more details. Suffice to say that in this age of so-called "finance-capitalism," despite public prejudice and unwarranted restrictions, the function of the security dealer and security broker deserves as great honor and prestige as those of any other profession or avocation, whatever it may be.

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Post-War Export Prospects

(Continued from page 941)

biles and railroad rolling stock, public utility and communication equipment, electric appliances, etc., will be urgently needed by virtually every country. Even nations like China and India, Argentina and Brazil, to say nothing of Russia, have embarked on forced industrial development, or intend to do so on a grand scale, at almost any sacrifice. Agrarian reform in the one country, the pressure of labor to maintain employment at war-time wages in another, and the desire to produce armaments everywhere, are as many further inducements or compulsions to proceed with public works, housing and the expansion of industrial establishments.

With German and Japanese industries paralyzed for some time, the Belgian in an even worse shape, and the British under reconversion strains, *the only country to supply the bulk of capital goods is the United States.* Our peace-time exports of $2 to $4 billions in the 1930's might be easily duplicated, even at pre-war prices, for years to come in view of this intensive world-wide demand for the products of equipment industries. Per se, this will be merely a continuation and accentuation of the long-run trend of U. S. exports, in which the share of foodstuffs and "crude" materials has fallen from 83.7% in the late 1850's to 28.3% in the late 1930's. It is safe to predict that this trend is bound to continue on an accelerated scale, given the urge for mechanization abroad and given the position of this country as the global focus of large-scale "heavy" industries—provided the extraordinary foreign demand for their output can be implemented by dollars and cents.

Foreign Purchasing Power

The prevalent conception that the outer-world will not be able to pay for our exports, unless we finance their purchases by long-term credits, lend-lease, or outright presents, is entirely erroneous. It has become a sort of axiom that everybody has been impoverished, and Uncle Sam, the only rich guy left, can't find regular buyers any more. The truth is that a tremendous volume of *pent-up international purchasing power* will be ready to finance rehabilitation and re-equipment abroad. To point out briefly the main elements:

a) Our "normal" imports vary between $2 and $3 billions per annum. Our inventories of foreign goods being depleted, a substantially larger than the "normal" dollar volume of peace-time imports may be expected for at least three or four years. That much will be available to pay currently for our exports.

b) The same holds for the balance of American tourist traffic, which netted the outer-world more than $500 millions in 1929, and might provide in future an even greater amount of dollar exchange. Another $100 to $200 millions a year might grow out of private charity contributions abroad, and immigrants' remittances.

c) Gold reserves outside the U. S. (including gold earmarked in New York) will amount probably to $14 billions—four times our average annual exports. Add to it the yearly output of gold in foreign countries, about $1.2 billions in 1939, to complete the assessment of foreign gold able to balance our export surplus.

d) On top of it all, an estimated amount of well over $10 billions worth of dollar balances have accumulated abroad, including dollar notes held by foreigners. Much of it will be "begging" for goods in this country.

To be sure, the "impoverished" outer-world can scrape together and produce enough purchasing power to be on a pay-as-you-go basis in relation to the U. S. If it organizes itself in large economic spheres, as it plans to, roughly balancing mutual claims and dues *within* each of them, it can use its gold and dollar reserves to pay for all *reasonably* urgent American exports. They can do so even under the unrealistic assumption that the U. S. should be unwilling to provide as much as a moderate amount of credits.

True, the total of this foreign liquid wealth, or of its sources, is not evenly distributed. The actual and potential owners may be divided in three classes. One will consist of countries in an extremely favorable position: the neutrals, most of the Latin Americans, the gold producers (South Africa) and the gold hoarders, such as India and Egypt. They certainly need no financial assistance, but should rather be "educated" to accept the creditor role, new as it may be to them.

The second group of nations will face difficulties, but not of an unsurmountable nature, provided they don't try to live far beyond

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Post-War Export Prospects

(Continued from page 944)

their means, so to speak. France, Holland and Belgium have sufficient gold reserves to get started, and substantial resources to get soon on an export base. France and Italy may be the chief beneficiaries of the flood of tourist dollars. Britain still can draw on "hidden" national reserves in her large capacity to produce finished consumers' goods, and on some $6 billions of foreign investments still "left over." But, of course, this group of countries will have to tighten the belt—in one form or another.

Lastly, there will be distressed countries, distressed temporarily or "for good." Presumably, the defeated nations will be in the most desperate condition (and least likely to be refinanced). Occupied countries like Poland and Greece, will be in dire need of support. So will be, to a lesser extent, China and Russia. But the amounts needed will be determined by their own policies, and no law of reason or of ethics obligates a nation to support the unduly rapid industrialization of the others.

We can have all the exports (of durable goods) after the war which a balanced American economy can stand. It doesn't take world-wide projects of unsound financing to accomplish that. It takes initial credits of a limited volume and a reasonable volume of long-term investments of a profitable nature. Our ability to export will be limited by our own internal situation, which is threatened by a post-war inflation. We may be compelled to reduce our exports, so as to keep prices from rising at home, or may be actually compelled to put them under embargo.

How Cheap Is Cheap Money?

(Continued from page 942)

let them buy consols as well. There should be very little price hazard involved.

But whatever is done, it is imperative that someone start thinking about something beside freezing interest rates indefinitely. It is becoming increasingly difficult, it is producing unfortunate and perhaps disastrous repercussions, and in very plain and simple English we are tying down the safety valve on a very big boiler. If it bursts, the consequences will be tragic.

Easing Collateral Loan Restrictions On Inactive Securities As An Aid To Small Business

(Continued from page 919)

liquidating loans—and the trend is likely to continue in that direction.

Following along the lines of Prof. Anderson, Prof. Fritz Machlup, an Austrian economist who has taken up residence in this country, also indirectly questions the validity of the dependence of banks for liquidity and solvency on commercial loans. In his excellent study of "The Stock Market and Credit and Capital Formation" (p. 205), he states: "In the last analysis a loan for financing working capital in a stage of production that is remote from the finished consumers' goods end has to be regarded as a long-term investment. From the standpoint of the system as a whole (not, of course, from the standpoint of the individual firm), the possibility of liquidating in the short run the working capital of producers' goods industries simply does not exist. . . . The only appropriate use, then, for money capital which is lent only temporarily would be investment in strictly working capital in a production process which produces goods of the first order by as direct a method of production as possible; that is to say, investment in consumers' goods industries which have a ready market and which can be expanded without any increase in the use of producers' goods. . . . Theoretical analysis seems, then, to furnish the rule that temporary savings [e.g., bank deposits] should not be used in any branch of production other than consumers' goods industries which are fairly independent of the output of earlier production stages."

If the steady growth of marketable securities as a form of bank assets is to be maintained and continued as in the past, there should be no legislation which would restrict banks from making sound and reasonable collateral loans. What constitutes "sound collateral" is a matter to be largely determined by the trained judgment of individual bankers. It cannot be left entirely to the definition given in a general law or to a bureaucratic organization. What is sound collateral in one location may be just

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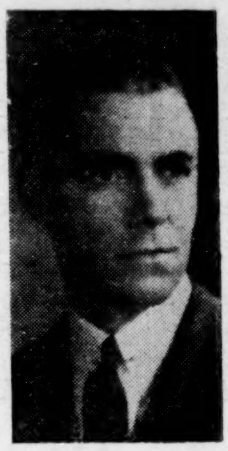
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"Wake Up America!"

(Continued from page 918)

Congress." Eleven representatives of various Slav groups, particularly in the Balkans, were invited to attend that Congress. From that Congress there was developed in this country the Kosciusko League and the All-American Slav Congress, under the leadership of Leo Riziski and Mr. Louis Adamic. The foundations for these two organizations among the Slav people is the Communist left-wing radical element and their fellow travelers of this country.

This is part of the same group that until July 21, 1941, when Hitler marched against Russia, was doing everything they possibly could to sabotage our defense program and wreck our form of government.

It is the same group under the Communist supervision that organized the Peace Mobilization Association, that had pickets walking up and down in front of the White House prior to Hitler's attack on Russia, carrying banners with inscriptions such as this: "The President is leading us down the path to war"; "The Yanks are not coming," and many other slogans of that type. But the day following Hitler's attack on Russia, these same pickets were carrying banners, but with a different slogan on them, thus calling for "a second front now."

What is a Communist? Let me give you the definition recognized by Attorney General Biddle and the Civil Service Commission of the United States.

Some people seem to think in order to be a Communist they must carry red cards and belong to the Communist Party. No such statement could be further from the truth, because there are ten times as many Communists out of the party as there are in the party. The test of whether a person is a Communist is whether he follows the Communist Party line.

To illustrate: If the Communist Party takes a stand on a certain question on one side today, and this individual takes the same stand, and next week the Communist Party takes an opposite side, which they do in many cases, and this individual flops and takes the same stand, and you see this individual doing this time after time, you can be assured that he subscribes to the ideologies and principles of Communism.

The name Kosciusko League is a very clever one. Kosciusko is one of the great Polish leaders, as well as one of our great heroes. Using the name of a patriot to camouflage their real purpose is an old trick of the Communists. Likewise when the Communists formed their schools around the country—they used to call them the Workers' Schools. Now they are named for one of our great patriotic Presidents. For instance, here in Chicago they changed the name from the Workers' School to the Abraham Lincoln School. In New York they changed the name from the Workers' School to the Thomas Jefferson School in order to smokescreen the real purpose of the school.

In regard to our duty on the home front, I want to speak just a moment of the political situation as it is threatened by the CIO Political Action Committee under the direction of Sidney Hillman.

Mr. Boren last night touched upon that, and I am glad he did, because this is not a partisan issue. This is a time when country must be put ahead of any political party. Congressman Boren is one of those patriotic Americans who is doing all he can from the Democratic side of the House to save our representative form of government.

What about this CIO Political Action Committee?

The facts are, when John L. Lewis was given the opportunity to form the CIO, he had just two places he might go for qualified experienced labor organizers: the American Federation of Labor and the Communist Party.

He couldn't go to the American Federation of Labor, so he turned to the Communist Party for his organizers. In the back of his mind was this thought: I will use these men to organize this CIO. In the meantime I will start training my own labor organizers, and after I get them trained I will kick the Communists out of the union.

John L. Lewis had previously eliminated the United Mine Workers Union of all Communists. But this time he ran against a different proposition. The Communists organized against him, and then instead of Lewis kicking the Communists out of the CIO, the Communists kicked John L. Lewis out.

They use the same methods today against men who are elected to office in their local unions who will not take dictatorship from the Communist element in control.

This CIO dictatorship has fastened itself like a giant octopus on the shoulders of the rank and file members of our labor unions all over the country. These millions of loyal, patriotic working men need help in combating this un-American domination of their affairs.

I shall continue to be a friend of the working men in behalf of their efforts to throw of this Communist octopus, and restore control of their unions to the kind of people the rank and file membership want to represent them.

The technique of the Communist-controlled organizations is to threaten the future in politics of anyone in public office who is not willing to follow their dictates.

Their methods are vicious, and they hesitate at nothing in their lying, smearing campaigns to defeat those who will not do their bidding. The smear sheets carry the most outrageous untruths; and I regret to say it was this sort of campaign which defeated two outstanding members of the Dies Committee, Joe Starnes of Alabama, and John Costello of California.

They attempt to keep patriotic citizens away from the poll by distributing smear sheets to the homes, in the hope the people will become so disgusted with politics in general, time will not be used to vote on election day.

They attempt to elect the men they want to see in office, by keeping those people who would otherwise vote for the one they

(Continued on page 949)

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Is The Coming Boom In The Home Washing Machine Industry Already Discounted?

(Continued from page 920)

certain that Bendix, the pioneer in fully automatics, will lead the field. Westinghouse is advertising its "Laundrymat" (made under Bendix patents). Recently, General Electric began advertising its "all-electric laundry" and it is quite possible that one or two other fully automatic washers will appear on the market in the year or two following the war's end. Perhaps Aviation Corporation will market one.

Automatics to Be in Greatest Demand

It appears that makers who are ready to deliver automatics with the least delay have the best profit prospects. Indications are that Bendix will be the first company able to supply a substantial volume of fully automatic washers. Primarily this appears to explain the boom in the stock. If only from 10 to 20% of the total demand, as indicated above, is supplied with automatics, it will mean a tremendous increase and Bendix should receive a substantial share of the orders.

Bendix—the Market Leader—Is Traded Over-the-Counter

It is of more than passing interest to note the difference in the price pattern of Bendix, the only over-the-counter stock in the "Big Seven," as compared with the six other large producers, one of which is listed on the Big Board, four on the Curb, and one in Chicago (see table below).

The accompanying ratio chart, which shows the exact relationship of the stock price trends of the "Big Seven" suggests that Apex Electric and Bendix have had pretty thin markets since early 1943. Actually, the graph on Bendix reflects only the monthly closing bid and asked prices which were conveniently available. If a detailed record of every day's trading had been considered, the Bendix graph would have the solid pattern and appear more like the Maytag picture.

It is probable that during the last six months the most active market in the group has been Bendix, with Maytag next and then Easy. Trading in the others has been light and spotty.

Price-Earnings Ratios

The five years 1937-1941 are certainly a good period for observing the earning power of the washing machine industry. During this period there were both depression and prosperity years.

Price Earnings Ratios of Washing Machine Stocks

Name of Company	No. of Shares Outstanding	Recent Price	5 Year Aver. of Earnings 1937-1941	Price Earns. Ratio
Apex Electric	90,000	18¾	$1.28	14.7
Barlow & Seelig	120,000	13¾	0.97	14.2
Bendix Home Appliances	966,715	9¾	†0.07	139.3
*Easy Washing Machine	443,225	8	0.37	21.6
Electric Household Utilities	386,992	13⅝	0.51	26.7
Maytag Co.	1,617,921	10	0.31	32.3
Nineteen-Hundred Corp.	‡330,331	10⅞	1.40	7.8

*B stock—This has no voting power, but is the active market issue. †4 years 1938-1941. ‡B stock.

As shown by the table above, Apex Electric and Barlow and Seelig have relatively few shares outstanding. Thus their per-share earnings are correspondingly high, while at the same time trading in these two issues is very inactive.

Maytag, the only one of the group listed on the Big Board had a turnover of 231,900 shares (14.3% of the total shares out-

(Continued on page 948)

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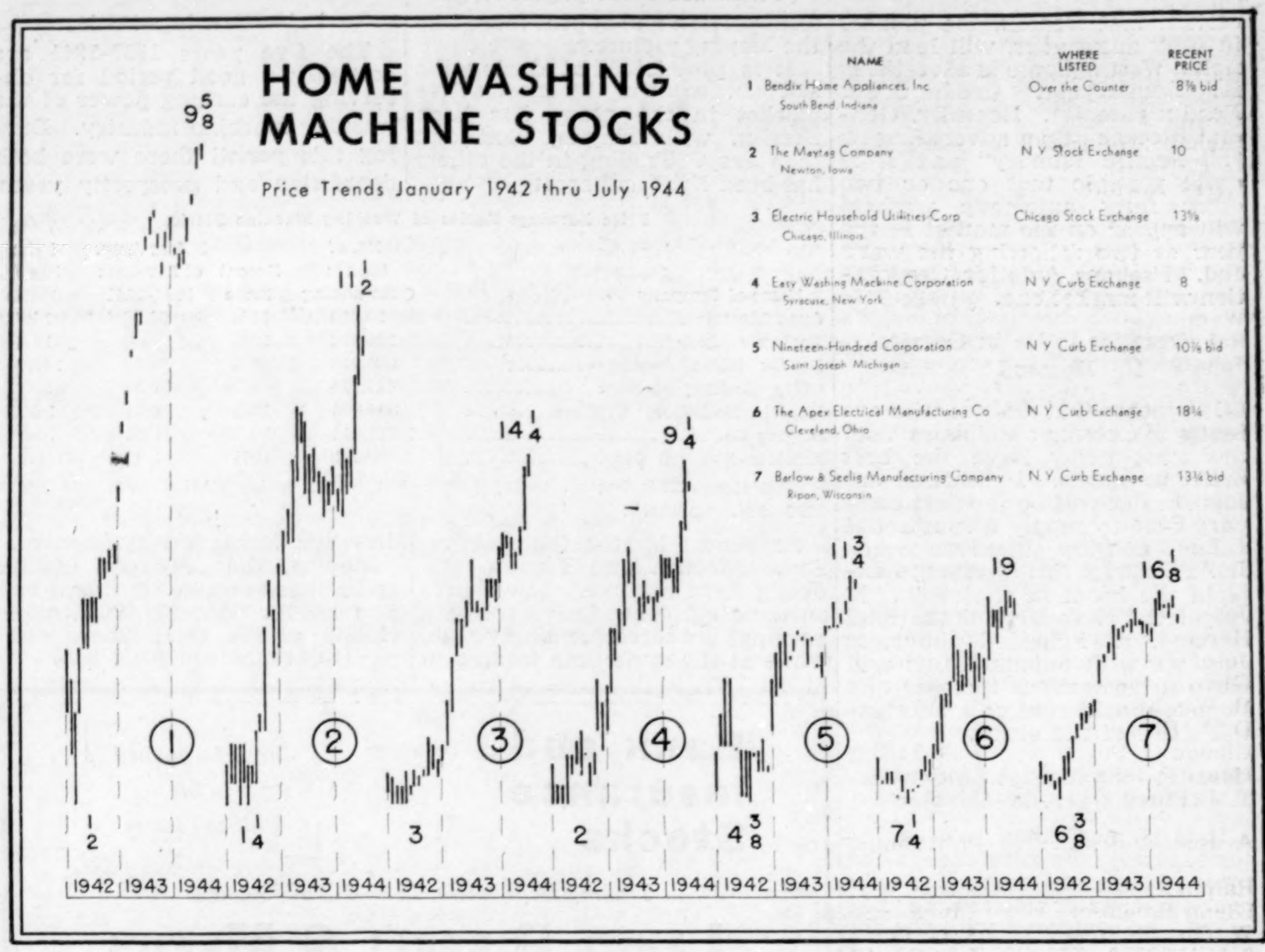
Is The Coming Boom In The Home Washing Machine Industry Already Discounted?

(Continued from page 947)



HOME WASHING MACHINE STOCKS

Price Trends January 1942 thru July 1944

	NAME	WHERE LISTED	RECENT PRICE
1	Bendix Home Appliances, Inc South Bend, Indiana	Over the Counter	8⅞ bid
2	The Maytag Company Newton, Iowa	N Y Stock Exchange	10
3	Electric Household Utilities Corp Chicago, Illinois	Chicago Stock Exchange	13⅝
4	Easy Washing Machine Corporation Syracuse, New York	N Y Curb Exchange	8
5	Nineteen-Hundred Corporation Saint Joseph, Michigan	N Y Curb Exchange	10⅞ bid
6	The Apex Electrical Manufacturing Co Cleveland, Ohio	N Y Curb Exchange	18¾
7	Barlow & Seelig Manufacturing Company Ripon, Wisconsin	N. Y. Curb Exchange	13¾ bid

standing) in the first seven months of 1944. This compares with total volume of only 149,200 shares, or 9.2% of outstanding shares, in the whole year 1943. Although figures are not available, it is probable that all of the other stocks had good-sized volume increases during 1944, notably Bendix Home Appliances, which is the only over-the-counter stock in the group. One unlisted dealer is quote as believing that the activity in Bendix has exceded that of Maytag thus far in 1944.

Certainly the outstanding stock, based on the ratio of the recent price to the five-year average earnings, is the Nineteen Hundred Corp. B stock, which now sells around 11 and averaged $140 in annual earnings for the five-year period. This means that it is now available around 7.8 times its prewar peacetime earnings. This is the company which supplies Sears, Roebuck with conventional-type washers.

The extraordinary high price-earnings ratio of 139.3 times the average earnings of the four years 1938-1941, shown for Bendix, is easily explainable by the fact that these were the initial four years in the company's history. During this time, a marketing organization was being forged, and all the difficulties of new production were being surmounted. Actually, Bendix's margin of profit per unit before marketing costs and taxes was far greater than any of the other companies during the year 1941, and it is likely to be substantially higher in postwar years. This should cause a large increase in the net when greatly increased volume is produced.

On past earnings, the Nineteen Hundred Corp. Class B stock appears to be the cheapest at current levels, while Bendix Home Appliances appears to have the most romance and future prospects.

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(Continued from page 927)

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Harry Nichelson	Kenneth Van Sickle Inc.	Emporia, Kansas
Robert H. Nichols	Barcus Kindred	Chicago, Ill.
Lowell Niebuhr	Lowell Niebuhr & Co.	Chicago, Ill.
Richard Nongard	Stifel Nicolaus & Co.	Chicago, Ill.
L. F. North	The Wisconsin Co.	Milwaukee, Wis.
Larry Norton	Remer Mitchell & Reitzel	Chicago, Ill.
Edwin P. O'Brien	Sincere & Co.	Chicago, Ill.
H. C. O'Brien	Katz & O'Brien	Cincinnati. Ohio
J. J. O'Connor	Doyle-O'Connor & Co.	Chicago, Ill.
Henry Oetjen	Pflugfelder Bampton Rust	New York, N. Y.
W. O. Olsen	Kneeland & Co.	Chicago, Ill.
Ray Olson	Stranahan Harris Co.	Chicago, Ill.
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Lt. Col. Owens		
Lester Parker	Merrill Lynch, Pierce, Fenner & Beane	Chicago, Ill.
E. E. Parsons, Jr.	Wm. J. Mericka & Co.	Cleveland, Ohio
John F. Partridge	Welsh Davis & Co.	Chicago, Ill.
Carr Payne	Cumberland Securities	Nashville, Tenn.
J. Lee Peeler	First Securities Corp.	Durham, N. C.
T. W. Pelton	Northwestern National Bank	Minneapolis, Minn.
Joseph G. Petersen	Eckhardt-Petersen & Co.	St. Louis, Mo.
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Glen L. Pierce	Western Union Tel. Co.	Chicago, Ill.
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(Continued on page 950)

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"Wake Up America!"

(Continued from page 946)

desire to defeat, away from the polls.

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They label anyone who has the courage to stand up and fight for our Constitution and Old Glory, and fight Communism in this country, as a Fascist. What they really mean is anti-Communist.

In conclusion, the program of the CIO Political Action Committee in this country today is by far the cleverest and most dangerous revolution that has ever hit this world. It is the program of Sidney Hillman and Earl Browder to take over our government.

They have found it expedient to work through the Democratic party, to take control of that party. And I say to you in all sincerity, my Democratic friends, that if you really love your party, and really want to save the party from ruin, you Jeffersonian Democrats will have to vote Republican this fall, to save the party of your political faith. Because, if the election is won by the Hillman and Browder forces, you will not have any party left.

If you are loyal, patriotic, red-blooded Americans, and believe in our free enterprise system of government, you will give in this campaign, be you Democrats or Republicans, far more than lip service.

We are all busy. But, gentlemen, if you do not wake up and take an interest in politics, you may not have any business to go to, after these enemies of our representative form of government take over.

Two years ago, I determined it to be my public duty to run for public office, and try in my small way to contribute something to getting rid of this bureaucracy, and dictatorial control that has been set up in this country under the present administration, which is so heavily infiltrated with these enemies of our Constitution.

The issue is very plain.

This is your country. Do you want Sidney Hillman and Earl Browder to run it?

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(Continued from page 949)

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Harry Tenenbaum	Peltason-Tenenbaum	St. Louis, Mo.
W. C. Thornburgh	W. C. Thornburgh Co.	Cincinnati, Ohio
A. B. Tilgham	A. G. Edwards & Sons	St. Louis, Mo.
Robert A. Torpie	Merrill Lynch, Pierce Fenner & Beane	New York, N. Y.
Herman Tornga	DeYoung, Larson & Tornga	Grand Rapids, Mich.
Arthur Tresch	Braun, Bosworth & Co.	Chicago, Ill.
Raymond Trigger	Investment Dealers Digest	New York, N. Y.
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Capital Needs And Other Problems Of Small Business

(Continued from page 913)

mentation the figures would be astounding. And herein would be found one of the most harassing burdens and costs discouraging small business enterprisers.

The State and local legal barriers to doing business transcend all other trade barriers in business. The compliance with different local laws and tax and license requirements in every county, State and municipality, often drives small enterprises into bankruptcy, and new enterprises are sometimes overcome by these handicaps before they can get started.

In the past two years more than one million small businesses have ceased to exist, and only about one-half million new enterprises have been created. With the end of the war the great need for jobs brings to light the need for more employers. This loss of small business enterprises and the prohibitive restraints in starting new enterprises cannot be assigned to a shortage of capital.

Available Capital for Small Business

The Survey of Current Business of the United States Department of Commerce, the Security and Exchange Commission, and the Federal Reserve Bulletin have all pointed out the adequacy of capital for post-war conversion to the level of peace-time business before the war and with adequate capital for some expansion. These agencies are referring to the capital accumulated by business enterprises during the war.

In addition to the capital accumulations of business for post-war conversion and expansion there seems to be ample resources in banks and other financial agencies. The total deposits of all banks at the end of 1940 were 78 billions of dollars. These deposits had increased to 117 billions at the end of 1943, and are expected to reach approximately 150 billions in 1945. The loans of all banks have declined from 25 billions in 1940 to 19 billions at the end of 1943, and these loans can be expected to decline several billions more as the war financing passes.

The Federal Reserve banks have authority to make direct loans to business, and these loans have been increasing during the war period.

Consumer credit outstanding has declined from 8.7 billions at the end of 1940 to 4.8 (preliminary) May 31, 1944.

The sale of new securities in the capital markets declined to a little more than one billion in 1943, and the volume has remained low throughout 1944 to date. In 1936 the new securities marketed exceeded 4.5 billions.

All this evidence would indicate that there is no shortage of credit and capital for reconversion and post-war expansion.

But there are other restraints on both small and large business, which if removed would facilitate reconversion and expansion far more than riding the over-worked horse of cheap credit. Bankers have long known that they can hold down loans during boom periods when it seems that everyone wants to borrow. But they have never found the stimulant to encourage enterprisers to borrow just because money is cheap, unless the environment for economic progress and opportunities to make profits are encouraging.

The removal of unnecessary red tape and bureaucratic restrictions upon business enterprise and a tax system which will encourage men to try to make profits and build will do more to stimulate small business than more credit.

NSTA Municipal Committee Report

Thomas M. Graham, Chairman of the Municipal Committee of the National Security Traders Association, which in addition to Mr. Graham consists of J. Wallace Kingsbury, (Vice-Chairman, Kingsbury & Alvis, New Orleans), Joe H. Davis (First National Bank, Memphis, Tenn.), Raymond V. Condon (B. J. Van Ingen & Co., Chicago, Illinois), and Thomas Kemp (Thomas Kemp & Company, Los Angeles), made the following report to the Association at its annual meeting last Friday:

Thomas Graham

This past year, with the additional affiliates, the municipal membership of this organization is the largest in its 11 year history. Our Association has the broadest municipal membership of any organization in the securities industry with over 700 members who are officers or principals in their respective organizations. Being an organization of individuals, your Committee has been able to lead in all problems affecting the industry without involvements or commitments of firms as to policy matters.

The chairman and members of this Committee in the past have been the leaders in the municipal business and have left a splendid heritage of accomplishments which has spurred us on this year in the many problems which this Committee has undertaken. Russell Dotts, Chairman last year, worked in conjunction with Austin Tobin on the Port of New York Authority Case and took the lead in conjunction with Dave Wood in sponsoring the Boren Bill (H. R. 1502).

The Boren Bill has been one of the principal activities of this Committee during 1943-44. The contacting and educational work has been done thoroughly and as Chairman, I am very proud of the tremendous amount of work done by all members of the Committee and the fine spirit of cooperation shown in this endeavor by certain of the corporate members of this Association. The hearings on the bill are tentatively set for Sept. 12 and we hope to succeed in having the bill reported out and passed before the election. The latter is important. Whether or not there is a political turn-over, we can expect many changes in the Securities Acts to make them function properly in the post-war era. Passage of the Boren Bill would be the first change in these Acts, sponsored by a Democrat and endorsed by both parties. The question of "State rights" which is the real keystone of this amendment is of prime concern to both Democratic and Republican members of Congress. The pendulum of bureaucracy has swung too far to the extreme damage of our country. The real question at stake is the continual usurping of power by Federal bureaucracies and the struggle of state and local governments against this trend, in reality, the rights of people versus centralized government.

Your Chairman has made four trips to Washington regarding this legislation. There seems to be no opposition in Committee, or so far among the members of Congress, except two unfavorable memoranda of the SEC, which was to be expected. The grasping of power by the SEC beyond Congressional intent will be corrected by this bill, at least regarding municipal securities. This report does not go into any details about H. R. 1502 as all members of the municipal industry are now thoroughly familiar with its con-

(Continued on page 952)

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NSTA Municipal Committee Report

(Continued from page 951)

tents and purposes. Digressing here, Representative Boren is one of the best and most helpful friends the security industry has—he is running for reelection this fall and will probably have "New Deal" and CIO opposition as he had in the primary; even $5 a member contribution to his campaign would go a long way to offset this opposition. By the way, there are nine members of the present Congress who are or have been in the security business. This honor roll has been made a part of our program.

Congressman O'Neal of Kentucky of the firm of O'Neal, Alden & Company, has been most helpful in our various undertakings in Congress. Mr. O'Neal's firm has two members who are members of the NSTA. Chairman Lea told Congressman O'Neal of Kentucky and your Chairman when we were discussing the Boren Bill that after the election, when political controversies didn't enter in, he was in favor of having public hearings to go over all acts pertaining to the securities business. The purpose would be to make them function to the best interest of our country after the war and make all corrections necessary to that end. This would call for hearings on Securities Acts of 1933-34, Stock Exchange Acts, Maloney Association Act and Investment Trust Act. The Municipal members of this Association expect to lead the way by helping to pass the Boren Bill, after that we pledge our full cooperation to the four other important divisions of the securities business to help them work out their many problems.

It is estimated your Committee Chairman and members have spent personally over $3,000 in their activities on the Boren Bill alone this year. No expense has been spared, but no expense item, except printing, stamps and stationery, has been paid by your Association. The only refund your Committee wants is to have continued cooperation by the whole organization in its activities. At this point we respectfully recommend as follows to the future Presidents of the National Security Traders Association: It will be the policy of the NSTA Municipal Committee to have the Vice-Chairman succeed the Chairman each year; the retiring chairman shall be a member of the committee for two subsequent years. Also, we recommend that the name of the Committee be changed to "The Municipal Committee of the NSTA," deleting the word "Bond" in the title name. The purpose of this suggestion is to keep continuity of policy in effect and save the wasted time caused by having an entirely new Committee each year.

Many organizations have by resolution petitioned Congress to enact the Boren Bill. In practically every instance a member of your Committee was active in obtaining these endorsements. A list of the organizations endorsing this Bill has been made available to all members of the municipal industry. We wish to thank Hazen Arnold, Chairman, and Dudley Smith, Secretary of the Municipal Committee of the IBA, for their splendid help and cooperation in all matters pertaining to the municipal business and its problems. We have worked together on H. R. 1502 effectively and Dudley Smith has ably coordinated the efforts of both organizations when necessary. Plans for the hearings on H. R. 1502, in so far as participation of the municipal business is concerned, will be worked out with Dudley Smith and Dave Wood.

The members of the Committee have had trading problems presented by our members and we are pleased to say the efforts have been helpful in ironing out various dificulties between firms having members in the NSTA. Attention has been given to legal and other problems affecting the industry, in all of which members of our Committee took an active interest and which we will discuss later in the meeting. Cliff Folger, President of the Investment Bankers Association, has been most helpful in connection with some of these problems and did effective work in Washington this last year. The Committee has endeavored to keep all affiliates, members of the National Committee and officers of our organization fully informed as to its activities.

It is a distinct pleasure to have at our meeting this year one of the leaders in the legal end of our business, Joe Matter, Honorable Lyle Boren, Number Three member of the Sub-Committee of the Interstate Commerce Committee having to do with the Securities industry, and many other distinguished guests. I wish to thank Perry Brown for giving all members of this Committee and the representatives of this Committee a chance to be of service to our industry this last year and to assure next year's Committee and the Chairman of our full cooperation. "The test of a man is the fight he makes—The test of an industry is the fight it makes." Many problems will be faced by your new Municipal Committee. Undoubtedly there will be an attempt next year to tax municipals, the exact method and plan depending largely on the results of the Presidential elections.

Your Chairman again wishes to thank every member of this committee for his effective work this last year and I am very proud to have the privilege of working with the members of the Municipal Fraternity and of being a small "Little Main Street" part thereof. I would like to suggest a "National Security Traders Association E to Representatives Jerry Glas, Tom Crumpton, Andy Tackus, Andy Mills and Ed Foley for efforts beyond the usual call of duty." Three members of this Committee resigned to go into the Service of our Country this last year: Lud Strader, of Scott, Horner & Mason, Lynchburg, Va.; Bud Hunt, of First Trust Company of Lincoln, Nebraska.; and Henry Dahlberg, of Dahlberg, Durand & Company, Arizona. Please stand for a moment in honor of all our associates serving in the Armed Forces.

Respectfully submitted on behalf of the Municipal Committee of The National Security Traders Association.

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Greetings From NSTA Officials Past and Present

(Continued from page 908)

WILLIS M. SUMMERS

This year we have met during a world conflict with our Armed

Willis M. Summers

Forces in action on many fronts. Among the participants in these battles are a number of members of our Association.

With this in mind, it is natural that the meeting of the National Committee has concentrated more than ever on the serious aspects of our business. I feel that for us, who are not in service, the most important task at hand is to do everything possible to make the over-the-counter business something really worthwhile for our boys to return to.

In this respect I am sure that NSTA will not be found wanting. My congratulations to Perry Brown and his officers, especially for the work they did in bringing in two new affiliates during the past year.

My best wishes to our new President for a successful administration.

Willis M. Summers

EDWARD D. JONES

Investors in the Middle West are beginning to analyze security offerings for post-war possibilities. General business is operating at 100%; railroads operating at capacity; crops are good and money is easy and plentiful.

Edward D. Jones

We look forward for a good business in securities during the next three months.

Edward D. Jones

ARTHUR E. FARRELL

Ten years ago this month the NSTA was an idea. Thanks to the cooperation of its past officers with the members it is now a strong, aggressive organization. May it continue to grow with the interest of the individual trader its foremost objective.

The trader's primary interest is the over-the-counter market. The individual investor must be advised as to its importance, its method of operation and its dependability.

Mistakes have been made in the past. All indications point to another period of prosperity in this country. The security business should be a leader in this era and it should be conducted honestly and above reproach. It is the duty of the NSTA and the individual trader to do their part in the accomplishment of this purpose.

Arthur E. Farrell

Best wishes to the new officers.

Arthur E. Farrell

J. GENTRY DAGGY

Congratulations and best wishes to President Edward E. Parsons, Jr., and his able staff of officers. I am confident that NSTA enters its 12th year equipped and able to carry forward its well-defined program of truth, enlightenment and integrity in business.

J. Gentry Daggy

In retrospect, the NSTA appears to the writer to be growing in strength and influence as it gains in years and experience. It is first and foremost a voluntary association of individuals rather than a "must" society of firms. As such, its members may, without restrictions and without fear of penalties or reprisals, speak freely and constructively on matters of mutual concern, even though such topics may, upon occasion, be of a highly controversial nature. Thus, and thus only, are the best interests of those in business, and of the public, well served.

J. Gentry Daggy

HENRY J. ARNOLD

True and comprehensive policing to prevent irregularities that reflect on the securities business is certainly to be much desired.

Henry J. Arnold

(Continued on page 957)

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The Outlook For Public Utilities In Post-War Era

(Continued from page 909)

stantial decreases in volume of output but, in some of them, gross revenue will not be materially affected because more consumption by commercial and residential customers will offset the decline in revenues from industries and military establishments who received their service at rates lower than those necessarily charged commercial and residential customers. The time lag involved to accomplish this will vary according to the shifts in working population following the close of the wars and to when customers can get new and additional appliances and when new homes are available for use.

Taxation of income has produced violent changes in the last few years, and will be a very important factor affecting net income in the post-war period. Legislative sentiment seems to be increasing to reduce substantially, if not eliminate, Federal excess profits taxes in the not distant future. These taxes during the war years have taken and will take very substantial sums out of the earnings of utilities. While the excess profits taxes are in existence they will provide a cushion in the event of a serious decline in gross revenues. Recently several gentlemen whose opinions are of value and influence have advocated the elimination of all corporation income taxes. If this should be done, then certainly the net incomes of utilities will be well protected and and in many cases increased. Personally, I do not expect to see the elimination of all Federal income taxation upon corporations, but a reduction of the normal and surtax rates would be very beneficial.

Operating costs are not expected to show any consequential relative increase. They ought not to be higher than, and in many cases may be below, costs during the war period. It is my belief that the properties of utility companies have been fairly well maintained during the war period, and no substantial amount of deferred maintenance exists, except possibly in isolated instances. A substantial amount of replacements will be necessary, but this generally will be paid for out of unexpended depreciation provisions of recent years.

By programs of debt reduction and refunding, cost of borrowed capital has been reduced by utilities to effective rates which are at a low point in the history of the industry. I know full well that in your business you have become fully acquainted with that fact. Costs for any additional borrowed money in the post-war period very likely will be at effective rates not much different from the average of the past four or five years. Additional borrowing, however, will probably not be large. Through generous provisions for depreciation and retention of earnings, the utilities should meet a very large part of future construction costs.

Preferred stock refundings in recent years have materially reduced total amounts required for dividends, and the 16% Federal surtax credit has been of benefit to operating companies. There is good reason to believe that whatever portion of future financing is needed through equity money can be obtained at reasonable costs if the predicted favorable factors are then present. Utilities will not need additional capital unless the demands of their customers require very large additions to property and plant, and such demands should produce additional revenues to afford adequate return upon the new investment.

Most of these views are rather favorable. They will be wrong if the international and our national economies are not wisely planned and well executed. Wishful thinking won't do it. Good common sense must be employed by the legislative and executive branches of our city, State and national governments in cooperation with intelligent and progressive labor, industrial, agricultural, commercial and financial groups. The desire and the intent for successful accomplishment are present in the minds of many of the active leaders and workers in these groups. If reasonable and fair-minded people in these various groups make the necessary effort to guide and influence public thinking, then the unfavorable factors will not prevail.

We hear a great many pessimistic forecasts by careful analysts of a general economic depression estimated by some to occur shortly after the end of hostilities due to the disturbances of prospective unemployment, demobilization of our armies, and dislocations caused by the terrific problems to be presented to industry due to contract termination, reconversion and disposition of surplus plants, equipment and materials in the hands of governments. Others estimate that the depression will occur following a post-war boom. The prospect of either is an exciting and serious challenge to everyone. If we fail to avoid or limit the effects of these unfavorable factors, utilities—in common with other businesses—will again feel the heavy hand of adversity. If the pessimists sit back waiting for a bear market, and if they induce others to adopt a defeatist attitude rather than to strive to avoid adversity, then we will all be in for more trouble. I am fully mindful of the fact that tremendous debts created to carry on the wars will be a burden and a problem. Whichever political party in this country wins the November elections—and it could be a divided result—the very highest type of farsightedness and fairness is essential on their part to carry out readjustments in the most beneficial manner for the entire nation. After the results are known, partisanship should be at a minimum. I hope that all concerned will rise to the full realization of their responsibilities, and I have a reasonable expectation that they will do so. This will involve greater broadmindedness and fairness on the part of regulatory bodies, both State and Federal. In rate case proceedings, accounting regulations, and in other determinations they have gone far enough, and in some cases I think they have gone beyond the point necessary to correct abuses and mistakes of the past. Some of the adjustments in holding company situations are still in process of being completed. The patterns of regulations should be, and I believe will be, more of reasonableness and less of experiment and harassment.

There is a substantial amount of competition between publicly-owned electric operations and those which are business-managed and pay very high taxes upon their income. Some of this tax discrimination, which constitutes a subsidy to the publicly-owned enterprises, may be removed by changes in the income tax laws, and there is a prospect that the unfairness of this discrimination will be realized sufficiently by legislative bodies to shrink it to small proportions if not remove it entirely. A large amount of the generating capacity owned by some of the Federal projects will probably be surplus capacity in the post-war years for some time to come. Its use, after military necessities are no longer existent, should not be to create further unfair competition. With minor exceptions, all classes of utilities should be on a common footing and pay their own way and share in the support of the cost of the war, its liquidation, and the post-war economy. I may be wrong in thinking that unfair competition has reached its peak and that a majority of voters and our national Congress do not wish to see industry socialized. The business-managed companies do not resent or fear fair competition.

You no doubt have reached the conclusion that I am somewhat optimistic about the possibilities for electric and gas utilities in the post-war era. We all have a big job ahead of us to bring about success. I believe that we will do it reasonably well.

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Practical Phases Of Post-War Municipal Financing

(Continued from page 912)

900 replied, and the specific projects of each city, the estimated cost, and the proposed method of financing the cost of each project are set forth in the report. These cities have plans for spending about $5,000,000,000 within five years after the war has ended. Small cities planning large expenditures are Iron Mountain, Mich.; Big Springs, Tex.; Hickory, N. C.; Morgantown, W. Va., and Provo, Utah. As to the type of improvements contemplated, sewers and streets take first rank, public buildings, including schools, rank next, water systems come third, and airports fourth.

If all of the work indicated in these reports were actually to be done in the post-war period, and if all of it were to be financed through the issuance of bonds, those of us here could anticipate a protracted period of heavy work, little sleep, and upper-bracket income taxes. We must assume, however, that some of these plans represent air-castles which will never be built and, more important, we must remember that only a part of the cost of the projects will be financed with bonds. States and municipalities have been accumulating large reserves for the post-war period. Part of these reserves will be spent for deferred maintenance, but a substantial part of the cost of the planned new projects will also be paid from these reserves, and from current revenues. As an example, the City Managers' Association report shows that 106 cities out of 120 of over 25,000 expect so to finance at least a part of their projects. Larger cities expecting to finance utility extensions with revenue bonds are Cleveland, Detroit, Los Angeles, Philadelphia and St. Louis. Of 101 cities having between 10,000 and 25,000 population, 93 expect to finance some of their projects through general obligation bonds; 41 expect to finance all of their projects through the issuance of such bonds, and 69 plan to issue such bonds for public buildings.

In considering the probable volume of post-war municipals, you must of course keep always in mind the possibility that future municipals may be made subject to Federal taxation. If this were to happen, not only would the volume of issues be affected, but distribution would be substantially altered.

So much for the probable volume of post-war municipal business. Even a conservative view indicates that we have several very busy years ahead of us. Let me now call to your attention a radical change in the nature of post-war municipal securities which is very possibly going to occur and which will call for some interesting pioneering on our part, both dealers and lawyers. Will Rogers used to say that there's a lot of difference between pioneering for gold and pioneering for spinach. The constructive type of pioneering which we now have the opportunity to do will not be in the latter class.

Up to now municipalities have relied on ad valorem taxes as their principal source of revenue, and most municipal obligations have been payable from that source. Students of the subject believe that in the future municipalities will have to rely more and more on other types of revenue. If this happens the nature of municipal obligations must be correspondingly revised. There was an excellent article on the subject in "Fortune" for July of this year. In addition, I refer you to valuable material in the Municipal Year Book for 1944, in the report published last year by the Treasury Department's Committee on Intergovernmental Fiscal Relations, and in Booklet No. 86 of the Public Administration Service.

These studies take note of decreasing real estate valuations and accept it as true that this decrease will continue. Decentralization of population and industry, growth of blighted areas within city limits, removal of taxpayers to suburban areas, elimination of property from the tax rolls because of Government ownership, and the gradual conversion of wealth to corporate form, all make ad valorem taxes less productive, and, taken in conjunction with the continued increase in the scope and cost of services rendered by cities to their inhabitants, will eventually threaten cities with bankruptcy even while the wealth within their limits is increasing, unless their fiscal structures are brought into line with modern requirements. Most of the other main fields of taxation, which are immensely more productive than ad valorem taxes, are presently at the disposal of only the Federal and State governments, and means must be found to share them with municipalities, if municipalities are to be expected to accomplish the great public undertakings which will clear the way for large-scale private development. A step in this direction has been taken by the 17 State Legislatures which have now adopted resolutions approving the projected amendment to the United States Constitution which would limit Federal taxes on incomes, gifts and inheritances to 25% except in time of war.

In 1943 alone, 10% of our cities which have over 10,000 population were forced to seek new sources of revenue. These sources included garbage collection charges, sewer rentals, special business license fees, taxes on the income of public utilities, occupation taxes, parking meters, a tax on the gross receipts of every business in the city, street rental charges for public conveyances, taxes on cigarettes, admission taxes, and licenses for bicycles, bathing beaches and Sunday movies. Some States shared with their cities the proceeds of State sales taxes, cigarette taxes and liquor profits. The State of Washington withdrew from the amusement tax field in order that its cities might take over, and in addition distributed to its cities $2,000,000 from its general fund. This sharing of State tax collections would seem to offer more hope to municipalities than the local development of miscellaneous sources of revenue but is otherwise undesirable in that increased reliance on the central government necessarily tends to relegate local government to a subordinate position.

There have been two departures of these kinds which are of especial interest. Philadelphia has imposed a wage tax of 1% on all persons or corporations earning money in Philadelphia. This tax has been held to be legal, and to be collectible from Federal as well as private employees. Detroit and several neighboring cities have passed ordinances to capture as municipal revenues sums which private utilities would otherwise pay as excess profits taxes. The legality of this tax is now before the courts. A parallel development occurred in the District of Columbia when its Public Utilities Commission ordered the local power company to reduce its rates so as to eliminate the payment of Federal excess profits taxes.

It is generally agreed that revenue bonds will become increasingly important in the post-war world. They have proved their stability during the past 15 years. The pros and cons of municipal ownership of utilities have been and will continue to be vigorously discussed, but the majority of the persons whom I have read and with whom I have discussed the subject believe that eventually private ownership of public utilities will disappear. Operating economies incident to municipal ownership—and these do not involve only the heavy savings in Federal taxes—are, in the opinion of these observers, substantial. Present Federal pressure exercised by SEC and other regulatory bodies which is causing the sale of utilities by private owners may remain even though a change in administration occurs in January. Municipal and Government operation is considered to have proved itself efficient. TVA rates to consumers are cited (an average rate of under two cents per kilowatt to the individuals consumer as compared with an average rate of 3⅔ cents for the nation as a whole), and TVA's record in research and war production has been impressive. The profits to be derived by municipalities from utility ownership will help replace waning ad valorem tax revenues and will cause pressure for municipal acquisitions to be applied increasingly by the municipalities themselves.

The field of revenue bond financing is as yet largely untouched. While about 70% of our cities of over 5,000 population own their water systems, less than half own sewage treatment plants, only 20% own their electric distribution systems, 20% own airports, 20% own auditoriums, 4% own their gas systems, and only 2% own transportation systems. In addition, many cities now owning utilities will wish to finance post-war extensions. The resumption of normal automobile traffic will release much bridge

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Some Practical Phases Of Post-War Municipal Financing

(Continued from page 955)

and tunnel financing—we have in our office alone at least 15 or 20 such transactions on which work was actively in progress when the war interrupted it. Parking terminals are coming into consideration. New municipal airports and the improvement of existing airports will be in wide demand after the war, and the present trend toward State and municipally-owned port and harbor facilities seems apt to continue. Sewer revenue financing is developing, although here we still have problems to work out involving the best basis on which to fix service charges and adequate methods of enforcement. For that matter, the whole revenue bond field is of course in constant development. Each indenture we write suggests some details which are improved, and close cooperation between dealers and attorneys, with careful attention to the individual peculiarities of each transaction, will result in continued progress.

If you are interested in knowing what municipalities in your respective territories have yet to acquire their utilities, I again refer you to the Municipal Year Book for 1944. You will find there a list of all cities having over 5,000 population, together with a statement of the utilities which each now owns, and other pertinent data.

There are variations in revenue bonds which will be developed. In some instances the net revenues of the project do not provide an adequate surplus over actual debt service requirements to make the bonds attractive. In such cases a general obligation feature might be incorporated in the bond to guarantee its payment, and the value of the bond would be increased, even though the city expected as a matter of practice to retire the bonds from the revenues of the project. Another expedient sometimes used in such cases is to provide for maintenance of the project from outside funds, and sometimes the project can be leased in such way as to accomplish the desired result. "Special fund" bonds, by which we mean bonds payable solely from one specified source which may or may not have a relation to the purpose for which the bonds are issued, will, I think, come into more general use. This should be especially true as municipalities come to rely more and more on revenues other than ad valorem taxes. New proceedings for the issuance of bonds will have to be devised as this comes to pass. Bonds may come to be made payable under their specific terms from every source of municipal revenue, and methods of allocation and enforcement will then need to be provided in the bond proceedings.

A final question which interests us now is what we can do pending the end of the war to clear the way for the post-war business we anticipate. This period of quiet really gives us a splendid opportunity to make changes and do some constructive rebuilding which we could not do in normal times. At least two things can be done between now and next summer which will put both municipalities and dealers in substantially better position to enter the field of post-war financing.

First, we can assist the municipalities in planning sound, well-financed projects. There should be no more leaf-raking, "make-work" projects after this war. You dealers, as well as we lawyers, will be consulted by many municipalities. Ordinarily, when public officials come to us bond attorneys for help in planning, we outline for them what can be legally done, give such general advice as we can, and then suggest that they discuss financial details with the bankers to whom they have sold their securities in the past. If you will take the initiative and will contact the municipal units in your respective territories, discuss their post-war projects with them, and give them the suggestions for sound financing which I know you can, you will be not only rendering invaluable service to the units, but will be building future business for yourselves.

Secondly, and of great importance, much new legislation is needed. The Legislatures of most of the States meet next spring. New highway laws which are needed have already been outlined. Few of the States have really satisfactory revenue bond laws. Probably no State has laws which would permit all types of revenue financing which I have mentioned this afternoon. Certainly no State now has laws which would make available to municipalities the revised types of revenues which we have been discussing and which would permit the issuance of bonds secured by such revenues. Few groups of men have the legislative influence in their respective States which you do. We bond attorneys, with your assistance and suggestions, can draft the needed laws. You dealers, working with the public officials in your States, must arrange for such drafting and assist in obtaining enactment.

I should say that our opportunities during the next nine months—and our responsibilities—are almost unlimited. It has been said that while some men grow under responsibility, others merely swell. It has been further said that a politician thinks of the next election; a statesman, of the next generation. We can doubtless enjoy much post-war business if we do nothing but sit around waiting for it to come. But we can enjoy more, and we can help municipal finance for year to come if we will without delay start doing the things which should be done this year. I am told that the classification of essential occupations put out by the Selective Service Office puts dealers in bonds—and presumably bond attorneys along with them—next to the bottom of the list, coming ahead only of the glass-blowers. Perhaps the work we will do these next 12 months will prove that we deserve a higher rating.

I have trespassed on your patience too long. Henry Thoreau once said that the greatest compliment ever paid him was when one asked him what he thought, and attended to his answer. You have paid me that compliment. Please know that I deeply appreciate both the privilege of addressing you and the courtesy with which you have listened.

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(Continued from page 914)

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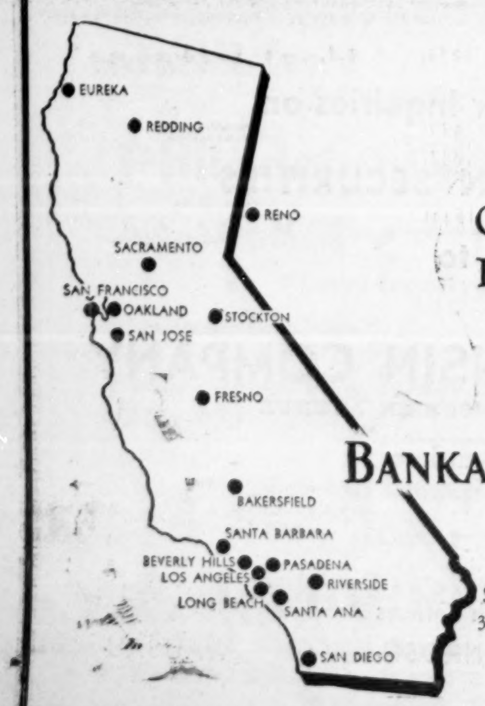

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Greetings From NSTA Officials Past And Present

(Continued from page 953)

Steps in this direction have been taken. Certainly there is nothing obnoxious about laws that have been written. There seems to be, however, a danger of over-zealousness in regulation which, while seemingly accepted in acquiesence by those of us in the industry, tends to discourage and irritate the investing public.

From its inception as more or less a social organization NSTA has matured to take its rightful place as a factor in constructive progress. It is the solemn obligation of our officers and each and every one of us to leave no stone unturned to help simplify and clarify the laws governing our business and the administration thereof.

Through fraternal relationship, we have in a short span of years brought the trading business to the front as a model of propriety. Of this fact we can all be justly proud. In view of this accomplishment, it is a natural assumption that we can be of vast help in molding the economy of the immediate future and the post-war period that now begins to seem immiment.

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Easing Collateral Loan Restrictions On Inactive Securities As An Aid To Small Business

(Continued on page 945)

the opposite in another locality, and different circumstances alter cases. On one occasion the writer was examining the assets of a large Southern life insurance company. To his amazement, he found that a substantial portion of the company's investments comprised mortgages on rural church buildings. When this fact was mentioned to a banker in the vicinity he said: "Any time the company wants to dispose of those mortgages at face value, I'll take them. They are the safest real estate investment in this part of the country. There is probably not one of those mortgages that is not directly guaranteed or backed up by several well-to-do individuals of the neighborhood, who would regard it as a disgrace to themselves to have the mortgage foreclosed. Besides, it would not take much effort on the part of the church members, through solicitations and voluntary contributions, to meet interest and amortization payments. But I would not say the same regarding a rich man's clubhouse here. A mortgage on that would be a risky investment."

It has been a common belief, as well as a general practice, that only listed securities should qualify as collateral for loans, and that local or unlisted securities are not readily marketable. Experience has proven, however, that even listed securities are not always the most readily marketable and, moreover, they are not always the most resistant to rapid and excited price declines. This is due, undoubtedly, in large part, to the greater factor of speculation in the pricing of listed and readily marketable securities. These are apt, at times, to sell, relatively, more above their intrinsic value as investments than the local or inactive groups. Yet, under banking regulations, banks are severely restricted or discouraged in making loans with inactive or local securities as collateral. This policy handicaps the financing of small or local enterprises. It tends to drive them into the maws of their larger competitors, who in many instances have liquidated them merely to get them out of the way as nuisance competitors.

In these days of capitalistic production the creation and expansion of business undertakings is, in most instances, largely dependent on access to the capital market for funds. The individual investors who supply these funds want not only marketability for their commitments, but they want the facility of using them as collateral to obtain cash in case of need. Place undue or discriminating restrictions on using securities having intransic value as collateral for loans, and you deal a severe blow to investment in the securities of small or local business concerns.

Over-the-counter security dealers and underwriters of all groups, both large and small, like many other business concerns, are certainly unjustly handicapped when they are denied legitimate loan facilities. Imagine, if you will, any wholesale or retail merchandising organization in these days that operates on a low profit turnover which does not require the aid of some form of current borrowing. Thus, grain and other commodity dealers, however large may be their capital resources, could not carry on their business at prevailing low-profit turnovers if they were denied the facility of borrowing on warehouse receipts or chattel mortgages as collateral. Loans secured by commodities in storage and on other inactive inventories have been long common in Europe. The practice may well be extended more widely in this country. Security dealers could maintain and stabilize their markets more readily and more effectively (which is one of their prime economic functions) if they were afforded proper facilities for obtaining loans secured specifically by the merchandise they carry.

This does not mean that security dealers or brokers should be enabled to borrow without regard to the value or the liquidity of the collateral they offer. It is the essential responsibility of the banker to insist that the quality and the amount of the collateral be adequate. In commenting on this topic, the famous Macmillan Report to the British Parliament remarked: "American banks engage their issuing credit in the eyes of the public for the soundness of the issues they support, and this very fact leads, as it must always do, to a closer and more intimate association between banks and industry than where no such responsibility is assumed."

And, referring specifically to loans on collateral, the report adds: "The [American] banks lend either directly or through brokers very large amounts of money to investors and speculators against industrial securities of all kinds. The loans of this kind made by the reporting member banks are sometimes at least equal to the loans made direct by them to industry. For this reason all banks take a great interest in the stock market and in the industrial securities quoted there."

As already stated above, the banker's trained judgment should be sufficient, without unwarranted government-imposed restrictions, to execute his responsibility in selecting and appraising collateral. The American banker should not be a mere "rubber stamp" or a "rule-of-thumb" executive. Yet, in no other country in the civilized world have so many laws been passed which place the judgment of bankers in a straight-jacket as in the United States.

Taking into consideration the banking experiences over the last half century in the different countries, one may well doubt whether these laws have not been more detrimental than effective. Certainly, bank solvency in the United States has not been more conspicuous than in France and Great Britain, where restrictive banking legislation is much more liberal, and less onerous, and where more opportunities are given bank executives to exercise the responsibilities for their personal judgments.

Certainly the problem of affording wider scope to facilities for marketing unlisted and local securities is of great importance both to security dealers and to investors. Such security should have full collateral value whether sold over-the-counter or on an exchange floor, particularly when they have recognized intrinsic worth and when there are dealers or brokers who make a market for them. If this situation could be accomplished, it would greatly assist the financing of local and medium sized concerns. It would, moreover, expand the field of public investments and would disperse the areas of security marketing throughout the land instead of confining it to a few large metropolitan markets.

Because of the SEC regulations regarding trading on exchanges, as well as the expenses and inconveniences involved in listing securities, the tendency seems to be toward an ever increasing volume of over-the-counter transactions. Security dealers, therefore, have greater responsibilities in furthering sound investment and in broadening and expanding securities markets than in the past. The banks throughout the country should cooperate more closely with them in sharing these responsibilities, by keeping in touch with local industrial activities, and by granting dealers and investors as ample loan facilities as is consistent with sound banking principles.

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Twenty-five years is not a long time when measured in the light of a business devoted to the manufacture or sale of staple merchandise which has a steady repeat demand year in and year out. But a span of twenty-five years in the securities business is, in our humble opinion, a very long time.

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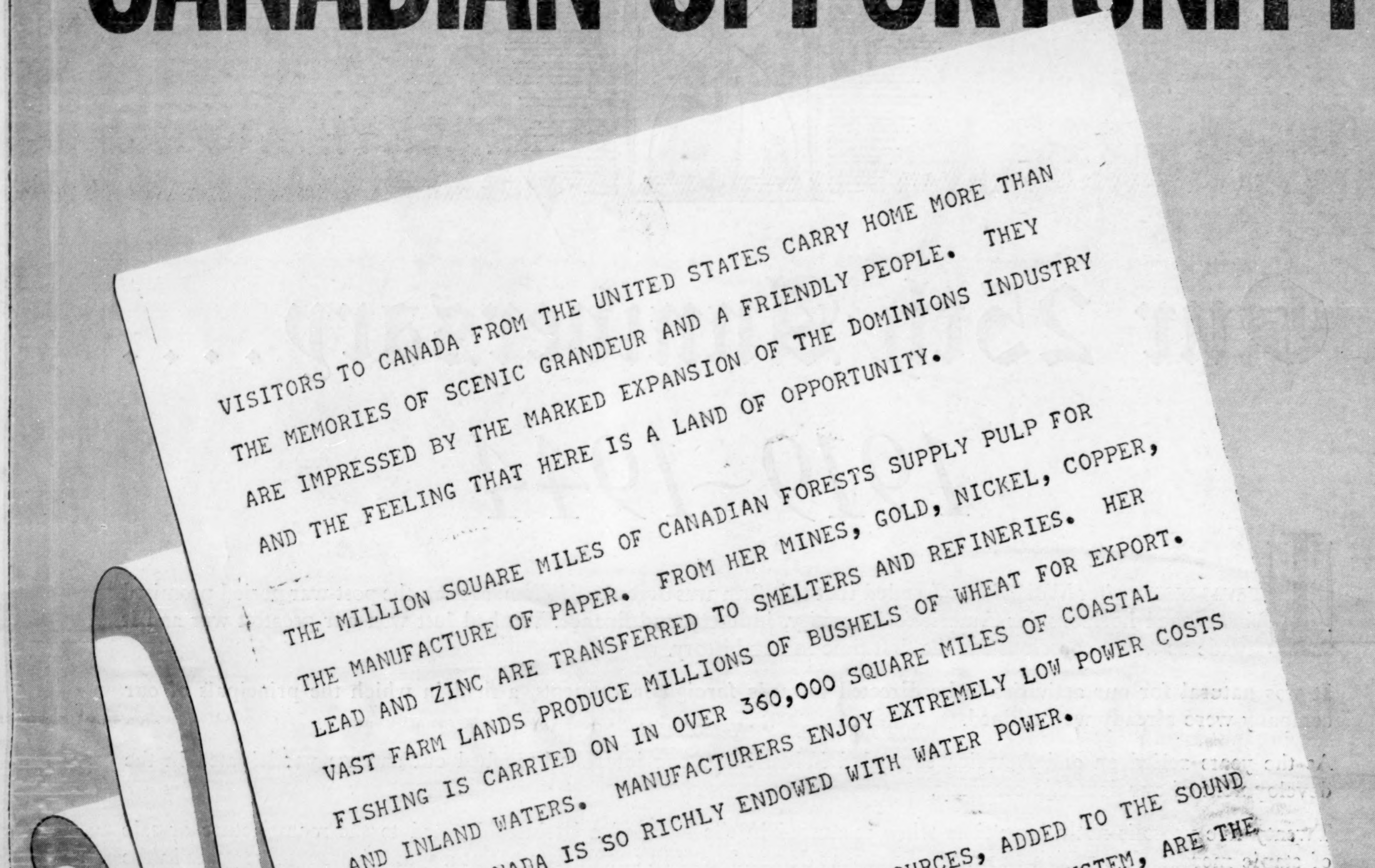

VISITORS TO CANADA FROM THE UNITED STATES CARRY HOME MORE THAN THE MEMORIES OF SCENIC GRANDEUR AND A FRIENDLY PEOPLE. THEY ARE IMPRESSED BY THE MARKED EXPANSION OF THE DOMINIONS INDUSTRY AND THE FEELING THAT HERE IS A LAND OF OPPORTUNITY.

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The Commercial and FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

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The Financial Situation

Now that the end of the war is "in sight," or believed by many to be, speculation is rife regarding many aspects of post-war life. To what extent and how quickly will it be possible to return to our usual pre-war way of doing things? And shall we "find it possible, or feasible" to return fairly promptly and in substantial degree to the pre-New Deal freedoms from interference and Government intermeddling? Or shall we find it "necessary" to continue "controls," "rationing," managed economy in general, and Government competition with business on an increased scale? Shall we find the "hand-outs" to millions in politically powerful elements in the population, such for example as labor and the farmer, again "unavoidable"?

False Answers

These and similar questions are being quite sincerely and anxiously asked by thousands of intelligent citizens throughout the country today, and to these and similar questions there are many "advanced thinkers" supplying answers which if fully accepted would place this country definitely in the column of "socialist republics." The danger of some such development in this country in the post-war years is not slight, and it is enhanced by muddled thinking more often than not induced by the clever propaganda of the socialists and fellow travelers and by what over-indulgence in slogans has done to our mental processes. We may rest assured that there is a large and in Washington quite influential element in public life which probably quite sincerely believes that something akin to the Russian system would be of great benefit to the American people. They are supported by a good many others who, while they are not particularly interested in "isms," have somehow become convinced that

(Continued on page 967)

From Washington Ahead Of The News

By CARLISLE BARGERON

One of the greatest mockeries we have ever heard on the human race is the development that has just occurred around the War Production Board. As we have understood World War II. it was a question of whether American industry would go all out; if it were to do that, there was not the slightest doubt about the outcome because really we are the greatest nation of productivity in the world. We remember very well in the pre-Pearl Harbor agitation, that Mr. Harold Laski, a "brilliant" British economist, came over, and talking to our thinkers in Washington, said, in effect: "You are talking about how much you should produce. Why not just go all out and produce and see how much you really can produce?"

Carlisle Bargeron

His attitude was sort of a Gallup survey. There is a question about things, let's have a show of hands. How do you vote? Mr. Laski was not sure about the potentialities of various men and various wealth, and as a matter of something he and his colleagues could subsequently write about in a book. the subject should be determined. How could he tell his pupils in the London School of Economics just what this country could do unless a manifestation was made?

Well, we went through a year's agitation against Industry before Pearl Harbor. Books were written against our nonsensical economic system, entitled "Business As Usual," etc. The trouble was that our industrialists who did not know the import of happenings abroad, notwithstanding they had better communications and better information than our Washington thinkers, were ready to sell the country down the river rather than "go all out." This means the automobile people should quit selling automobiles overnight and steel people should quit selling steel overnight; they should do this without any regard to what the Government demands were or would be. For some reason, without any orders from the Government for tanks, they were to quit manufacturing automobiles.

Well, there came Pearl Harbor about which history will sometime tell us, and thenceforth there was never any doubt on the part of any industrialist that, regardless of his predilections, the thing for him to do was now to "go all out." The automobile industry closed up on its commercial pursuits almost overnight, and the Washington correspondents wrote quite dramatically about it.

(Continued on page 967)

Substantial Agreement Between Hull And Dewey On Peace Organization —'Non-Partisan Subject'

Substantial agreement on views as to the establishment of an International Security Organization are reported as a result of three meetings held between Secretary of State Hull and John Foster Dulles, who met with Mr. Hull as the representative of Thomas E. Dewey, Governor of New York, and Republican nominee for President.

Thomas E. Dewey

Hon. Cordell Hull

It was stated, however, on Aug. 25 with respect to the conferences that the views on "a nonpartisan subject" failed to reach immediate agreement on the extent of public discussion desirable during the 1944 political campaign.

Associated Press advices from Washington, as given in the New York "Sun" Aug. 25 had the following to say:

Mr. Dulles and Secretary Hull issued a statement after three meetings in which Mr. Dulles acted as agent for Gov. Dewey, the Republican Presidential nominee. Mr. Dulles said the agreement was made — to the extent that there is agreement — on behalf of Gov. Dewey.

Messrs. Hull and Dulles will continue their conferences and the Republican nominee, through Mr. Dulles, his adviser on foreign policy, will be kept advised of developments in the three-power world security discussions underway here at Dumbarton Oaks.

Mr. Dulles told reporters later that the agreement — which he described as unique in American history — covered only the international security organization and that he expected there would be plenty of partisan discussion on other aspects of foreign affairs, "especially in regard to past conduct of foreign policy."

He said he had been in close touch with Gov. Dewey throughout the last three days and that the Governor wanted it made clear that the agreement with Mr. Hull does not preclude discussing the peace organization on a "high level."

"We recognize that there can be honest disagreements over what is and what is not non-partisan," the New Yorker asserted, "and we don't want to leave room for charges of bad faith."

Mr. Dulles said he was "pretty much in agreement with the Secretary but there are areas where there are differences of emphasis rather than of substance."

He felt sure, he went on, that Gov. Dewey's views as he presented them to Mr. Hull will be given due weight in the deliberations at Dumbarton Oaks. He declined to say whether inclusion of Gov. Dewey's views would necessitate any changes in the American plan before the conference. He added that he has the text of the American document.

The following is the joint statement issued by the State Department on Aug. 25:

"In the three meetings between Secretary Hull and Mr. Dulles, Gov. Dewey's representative, they had an exchange of views on the various problems connected with the establishment of an international peace and security organization. There was agreement of views on numerous aspects of this subject.

"Secretary Hull and Mr. Dulles expect to continue to confer about developments as they arise.

"The Secretary maintains the position that the American people consider the subject of future peace as a non-partisan subject which must be kept entirely out of politics. Mr. Dulles on behalf of Gov. Dewey, stated that the Governor shared this view on the understanding, however, that it did not preclude full public non-partisan discussion of the means of attaining a lasting peace.

"The question of whether there will be complete agreement on

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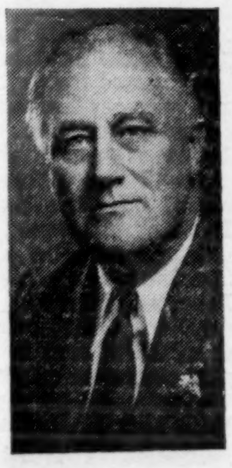
Personalities And Problems

"And we have got to make, not merely a peace but a peace that will last, and a peace in which the larger nations will work absolutely in unison in preventing war by force. But the four of us have to be friends, conferring all the time—the basis of getting to know each other—'putting their feet on the table.'



President Roosevelt

"And so I am very hopeful that it can be done, because of the spirit that has been shown in the past in getting together for the winning of the war. But that is the spirit that we have learned so well in the last few years. It is something new, this close relationship between the British Empire and the United States. This great friendship between the Russian people and the American people—that is new. Let's hang on to both friendships, and by spreading that spirit around the world, we may have a peaceful period for our grandchildren to grow up in."—President Roosevelt to the delegates to the Dumbarton Oaks Conference.

No one is likely to belittle the importance of the amenities of international life—or to object to friendly personal contacts among officials.

But let no one suppose that world affairs are as simple or as easily disposed of as is here suggested.

There are real problems which far transcend mere personalities, and, of course, foreign policies, which are purely or even chiefly personal in nature, are foreign to the American traditions—and to American safety.

The State Of Trade

The confusion over the problem of reconversion of industry to a normal peace-time basis was heightened the past week by the resignation of Charles E. Wilson, Vice-Chairman of the WPB. Relations between Mr. Nelson, head of the Board, and his assistant, Mr. Wilson, were at times somewhat stormy, but from all accounts the present upheaval in the Board does not stem from this cause. As Mr. Wilson plained, he was moved to such drastic action, because of "attacks" upon him "inspired by subordinate officials of the Board." Thus, from the foregoing it would seem to indicate that top-ranking officials of the Board were unable to control and keep within proper bounds the actions of their subordinates, presenting a very unhealthy situation in one of the most important agencies of our government.

Both Mr. Nelson and Mr. Wilson are well regarded by industry, and in a sense, it looked to them as spokesmen in government circles to espouse the cause of early reconversion of industry on a scale compatible with our war effort. Just what effect Mr. Wilson's reputed temporary absence from the WPB, induced by his mission to China, will mean to that effort, industry is anxious to know. It must be recognized, however, that the fate of such a tremendous task and the importance it bears to our economic well-being cannot, in the final analysis, rest solely upon the shoulders of one individual. Mr. Nelson's successor, Acting Chairman, Mr. J. A. Krug, has been connected with the Board in an important capacity prior to his entrance into the U. S. Navy and it is understood that he is at heart a business man. Hence, it would seem to follow that he would be sympathetic to any genuine plan that will lighten industry's burdens in its readjustment to normal post-war production.

But then, the question again arises, whether Mr. Krug will be dominated and retarded by the same influences that brought about the upheaval in the first instance. If such is the case, industry will be hampered in a serious way in its reconversion to civilian production. As for Mr. Krug, he indicated that he would not hesitate to chop heads, even if they were those of the top business men or others in the organization, if they could not work in harmony both on war production and reconversion.

Agriculture's Post-War Needs—Full industrial employment, supplementary steps to increase consumption by low income groups, and expansion of world trade, according to Secretary of Agriculture Wickard, are the essential conditions for a prosperous post-war agriculture. Speaking before a special committee of the House of Representatives on post-war economic policy and planning, the Secretary stated that agriculture is confronted with many difficult problems, chief of which would be finding markets for what he termed its "tremendous productive capacity." "If we fall very short of putting to use all that our farmers are able to turn out, the prospects for agriculture, and indeed for our whole national economy, are dark," he stated. In stressing the need for foreign markets, he did not fail to express his opposition to "indiscriminate dumping" of surplus, because he explained such measures would soon lead to retaliation and to new and more restrictive trade barriers.

Instead, he advocated international commodity agreements designed to stabilize markets and prices by eliminating cutthroat competition. He felt that Government programs to increase consumption of food and clothing along the lines of the pre-war food stamp plan would be needed in post-war years, even under conditions of full employment.

Industrial Production In July—Small declines in output in a number of industries, reflecting minor adjustments in the munitions program and manpower shortages, sent the Federal Reserve Board's industrial production down to 233% of the 1935-39 average in July. In June the index stood at 235 and in July, 1943, it was 240.

Steel and non-ferrous metal production fell to levels 8 and 20% below the high levels of last autumn, the Board stated. A small decrease in activity in transportation equipment industries reflected in part the indirect effects of manpower shortgages in foundries and continued readjustments in the shipbuilding and aircraft industries. Output of manufactured dairy products and meats, after allowance for seasonal change, was maintained in July, while output of other food products declined slightly.

Mid-Income Living Costs—Living costs of moderate income city families rose by 0.6% in the month ending July 15, with higher prices for food accounting for a large part of the increase, reports Secretary of Labor, Frances Perkins. Explaining the cause of the rise in food prices by 1.3% over the level of the previous month, she attributed the advance largely to an increase in egg prices, which were up by 15% to an average of about 53 cents a dozen. Cost of fresh fruits and vegetables were also factors in higher living costs, but meat prices, according to the Secretary of Labor, declined by 0.4%. It is reasonable to suspect the large egg purchases by the Government were greatly instrumental in forcing egg prices to such high levels. Small increases in prices of clothing, house furnishings, fuel, electricity and miscellaneous services all played their part in increasing the burden for this group. In the year ended July 15, average prices of family essentials rose 1.8%, compared with advances of 6% and 11%, respectively, in the two preceding years, Miss Perkins disclosed.

Weekly Summary—On the military front last week the world learned of Germany's capitulation of Paris, the breaking up of Nazi affiliations in the Balkans and the speed of the advance of Allied armies in southern France, all tending to hasten the final day of reckoning for the enemy. Despite the good news stocks declined for the week and sales volume tapered off. The same held true for stock prices near the close of World War I, when Germany tendered her first request for terms. As for business establishments failures in the United States advanced from 16 in the previous week to 19 the past week, while department store sales on a country-wide basis taken from the Federal Reserve Board's index, advanced by only 1% over the same week of 1943, and for New York City, a decrease of 8% below the corresponding week of last year.

On the industrial front steel production snapped back again to its former high rate of 97.1% of capacity, according to scheduled output for the week beginning Aug. 28. This compares with 94.5% in the week starting on Aug. 21, last. Electric kilowatt output also moved ahead over the previous week and for a year ago, while carloadings of revenue freight recorded a decline of 1% below the preceding week and 0.4% below loadings for the corresponding period of 1943.

Production of both bituminous and anthracite coal declined in the week, while bee-hive coke output for the United States improved by 10,600 tons. Daily average gross crude oil production established a new high record the past week with runs to stills for the industry as a whole also up. Domestic and foreign crude petroleum, however, decreased 557,000 barrels in the week. Lumber shipments dropped further last week with new orders only 0.6% above production for the same period.

Steel Industry—The American Iron and Steel Institute announced last Monday that the operating rate of steel companies (including 94% of the industry) will be 97.1% of capacity for week beginning Aug. 28, compared with 94.5% one week ago. This week's operating rate is equivalent to 1,739,300 tons of steel ingots and castings, compared with 1,692,800 net tons last week and 1,732,500 tons one year ago.

"Factors, more or less non-operative since America entered the war, have begun to creep into the steel industry market within the past few weeks," states the "Iron Age," in its current issue. Some of these factors are still quite weak, but others bear all the earmarks of those items which, during normal times, establish definite trends in the iron and steel industry. Scrap markets the last week have grown definitely weaker throughout the country, the magazine reports, with this weakness reflected either by actual quotations and sales below the OPA ceilings or by a complete lack of activity. Such factors in normal times have always portended the imminence of a downward trend in scrap prices. The anticipated defeat of Germany, is reflected in present scrap market movements, and when it becomes an established fact, the magazine adds, these movements will probably have a more concrete effect upon scrap quotations. Declines in quotations of various grades of scrap were noted the past week in districts such as New York, Philadelphia, Pittsburgh and Cleveland, and the absence of springboard payments, continues the "Iron Age," a device for attracting scrap from out of the district, is practically universal.

With respect to steel orders, the magazine points out that market trends for last week were mixed. Current orders are running heavy with shipments strong and backlogs undergoing little change. This is particularly true of Pittsburgh and Cleveland, where the shell steel program dominates production schedules. No evidence of a let-up in order volume is apparent in the Pittsburgh area where demand for heavier products is predominant, the above authority discloses. Summing up the order situation, the magazine concludes, by saying that "current reports of restricted buying and heavy cancellations are not borne out in that area. Practically all major steel districts report no heavy volume of cancellations."

Constant scrutiny of inventories to prevent overbuying in the event the European war ends within the next few months, is reported of areas servicing plants with heavy war contracts for a multitude of items. Thus, indications lean toward a certain restraint in the matter of forward buying, an analysis of trade reports for the "not-distant future," discloses.

Steel Earnings—Earnings of steel companies continue to reflect declines for the third successive year, stressed the magazine, "Steel," pointing to the combined net earnings of the leading companies for the first six months of 1944. Calculations based on the reports of the 20 companies turning out 88% of the total ingot capacity during the six months ended June 30 earned a net of $78,525,445, compared to $87,181,555 during this period in 1943. In 1942 these companies earned more

(Continued on page 970)

FDR Approves Bill Amending Soldier Vote Act To Relax Restrictions On Movies, Reading Matter

On Aug. 21, President Roosevelt signed the soldier-vote-law amendments relaxing restrictions on the dissemination of political news and opinion among members of the armed services. The bill embodying the amendments was approved by the President; it passed the Senate on Aug. 15 and the House on Aug. 16. Under date of Aug. 21, Associated Press advices from Washington stated:

Sponsors said the effect of the amendments would be to open the way for sale and distribution through Army post exchanges and Navy ships' stores of any newspapers, magazines and books in general circulation among civilians—within the limits of available transportation.

In the case of radio broadcasts the only limitation applied is that if political speeches are rebroadcast to troops over government-operated stations, equal time shall be allowed to any political party having a Presidential candidate in six or more states.

Motion pictures generally available to the public may be shown without restriction, but shall be selected in an "impartial and non-partisan" manner.

If transportation-space problems require a selection of books and other publications, the new bill directs that the choices shall be made in "some impartial manner" prescribed by the Army and Navy, such as a poll among troops or recommendations of expert committees.

Left in the anti-propaganda section of the act is a ban against propaganda material paid for by government funds. It applies to any government-financed printed matter, film or radio presentation which "when considered in its entirety, contains political propaganda obviously designed to affect the result" of a Presidential or Congressional election.

The War Department had interpreted the language of the original act to prohibit the distribution, at government expense or through Army post exchanges, of numerous books and magazines and some newspapers containing political opinion.

The amendments were drafted by Senator Theodore F. Green, Democrat, of Rhode Island, in collaboration with Senator Robert A. Taft, Republican, of Ohio, and Army and Navy representatives.

While supporting the amendments Senator Taft contended that the War Department had placed "nonsensical" interpretations on the original act and that this led to widespread misunderstandings and criticisms of it.

The move toward amending the Act followed the action of the Army in banning on Aug. 9 the distribution to troops of the motion picture "Wilson" dramatizing the career of the First World War President and the picture "Heavenly Days" starring Fibber McGee and Molly. As to this the Associated Press said:

The War Department said today both pictures had been banned by a board of the morale services division as containing material which might be construed as violating provisions of the Soldier Voting Act.

That act prohibits the distribution by the armed forces of books, magazines or other material containing matters calculated to influence the results of the national elections.

As to later developments the Associated Press reported the following from Washington, Aug. 12:

The Army, admitting tonight that two motion pictures it had said were banned from distribution to troops were never even considered, disclosed at the same time that its list of forbidden books had grown to fifteen.

* * *

Tonight, after high-ranking officers had spent most of the day conferring on a report of what actually had occurred, a cautiously worded statement was issued that "information which reached the press . . . was in error."

"Upon investigation by the Bureau of Public Relations," said the announcement, "it is found that only informal discusions of the pictures have taken place. No occasion has yet arisen for the War Department to determine whether these particular pictures are available or eligible for showing to troops."

We likewise quote the following (Associated Press) from Washington, Aug. 22, as given in the New York "Herald Tribune."

The drastic restrictions of the dissemination of books, magazines, newspapers, motion pictures and other reading and entertainment material among soldiers were withdrawn by the War Department today in radio instructions to all Army commanders throughout the world.

Acting promptly after President Roosevelt's approval yesterday of Congressional amendments to the soldier voting act, the War Department placed soldiers on substantially the same basis as civilians where reading and entertainment matter of general circulation is concerned. Army post exchanges, hitherto fettered by the department's close interpretation of the original restrictions in the soldier vote bill sponsored by Senator Robert A. Taft, Republican, of Ohio, are now free to purchase from unappropriated funds of their own for distribution in camps any such material with the sole proviso that it be of general circulation among civilians as well.

Only on material which the Army originates, or on radio rebroadcasts of a strictly political nature, is the War Department now restricted as to what it can and cannot do.

Registered Mail To APO's

Postmaster Albert Goldman announced on Aug. 28 that in accordance with arrangements of the War Department, letters or packages addressed to persons receiving mail through APO's outside the continental United States, will be accepted for registration when the matter contained therein is in accordance with the following:

(a) Valuable or important papers.

(b) Small articles of intrinsic value. (These registered articles must be sealed and bear the first-class rate of postage and be prepared adequately for overseas shipment in parcels weighing not more than eight ounces, and the mailing (not registration) thereof must be specifically requested by the addressees. The registration service authorized in this paragraph is intended to cover the mailing of such items as watches, eye glass or fountain pens, especially desired and not readily available overseas. (Foodstuffs, including candy, will not be accepted for dispatch to APO's outside the continental United States under the provisions of this paragraph.)

Indemnity is payable when applicable.

During the mailing period for Christmas packages, Sept. 15 to Oct. 15, 1944, inclusive, the requirement of a request will be waived when accepting for registration parcels addressed to overseas APO's containing small articles of intrinsic value other than foodstuffs, including candy, weighing not more than eight ounces, sealed and bearing the first-class rate of postage.

The exportation of currency to most overseas APO's is prohibited and it is not advisable to enclose currency in any letters. The use of money order service for remittances is recommended.

President Reports To Congress On Lend-Lease Total Since 1941 Is $28,270,000,000

In submitting to Congress on Aug. 23 the 16th report on Lend-Lease operations, President Roosevelt stated that "lend-lease supplies and services provided to our Allies in the three months ending June 30, 1944, amounted to $4,045,000,000 in value. In all, lend-lease has been provided in the amount of $28,270,000,000."

In his message, the President pointed out that "we should not permit any weakening of this system of combined war supply to delay final victory a single day or to cost unnecessarily the life of one American boy.

"Until the unconditional surrender of both Japan and Germany, we should continue the Lend-Lease program on whatever scale is necessary to make the combined striking power of all the United Nations against our enemies as overwhelming and as effective as we can make it."

In Associated Press advices from Washington, Aug. 23, it was noted that in addition to the total above, $678,241,000 worth of supplies have been consigned to American commanding generals in the field for subsequent lend-lease transfer to Allied forces.

From the Associated Press we also quote:

Reverse lend-lease was estimated in value at more than $3,000,000,000. The report emphasized, however, that the ultimate measurement of aid given and received could be found only in terms of battles won, enemies killed, and captured, and hundreds of thousands of lives saved, rather than in dollar figures.

In explanation of the great preponderance of aid given over that received, the report said that our geographical position ("the United States has never been bombed") and material strength have called upon us to give most toward winning the war in production and in money, while our major Allies are giving more in lives, destruction of their homelands and in suffering of their people. For example, it said that since June 30, 1944, robot bombs have destroyed or damaged an average of 700 houses every hour of the day and night in England; Russia has lost 5,300,000 soldiers dead, captured or missing, in addition to millions of civilians killed by Nazis, and millions of Chinese soldiers and civilians have been killed by the Japanese.

The casualties in the armed forces of the United Kingdom totaled 400,000 a year ago, excluding those of colonial, Dominion and Indian forces, with many more thousands of British soldiers having been killed since then, the report added. It said that by June 30 more than 50,000 British civilians had been killed by Nazi bombs, and this was before the robots had done most of their damage.

Aid furnished since the lend-lease program began nearly three and a half years ago includes 30,900 planes, 15% of the American output. Allies bought another 7,000 for cash and the United States retained 175,000.

This country also has leased 1,400 naval vessels of all types, the great majority being landing craft, PT boats and so forth, but including a few score larger combat vessels, such as convoy-escort aircraft carriers and corvettes. Other aid has included 511 cargo ships of 1,000 gross tons or more and 1,284 merchant and auxiliary craft of under 1,000 gross tons; 26,900 tanks and 637,600 ordnance vehicles, jeeps and trucks. The Allies have bought an additional 1,600 tanks and 270,000 trucks, with the United States retaining for its own use 36,500 tanks and 1,500,000 other military motor vehicles.

Of the total aid furnished since the program started, 87.8% has been in goods and 12.2% in services. Munitions have constituted 53.6% of the goods transferred, with a value of $15,162,329,000; industrial materials, 21.3%, valued at $6,026,086,000, and agricultural products, 12.9%, worth $3,630,585,000.

The report declared that while lend-lease is a war program, "it is likely to have stimulating effects on the commercial post-war foreign trade of the United States. The war has introduced American products to other countries in a volume and variety never approached before," it said.

"After the war, these countries will want to continue to obtain many of these products by buying them. American industry will have a greatly expanded foreign market, provided that our international economic policies make it possible for these nations to pay for their purchases."

The following is the President's message to Congress:

To the Congress of the United States of America—

Puruant to law, I am submitting herewith the sixteenth report to Congress on lend-lease operations.

Lend-lease supplies and services provided to our Allies in the three months ending June 30, 1944, amounted to $4,045,000,000 in value. In all, lend-lease aid has been provided in the amount of $28,270,000,000.

Three years ago the Axis aggressions were well along the road to domination of the world. The United States itself was in grave danger. Today the United Nations are moving relentlessly along the roads which lead to Berlin and Tokio.

In the preparation and execution of the powerful offensives on which we are now jointly engaged with our Allies, lend-lease has fulfilled its promise. Every day that the men of our Army and our Navy go into battle lend-lease is being effectively used in the common cause by the heroic men of the other United Nations. Through lend-lease, the full power of American production is being brought to bear against our common enemies by the millions of fighting men of our Allies. Through lend-lease, American weapons and other war supplies are being used by our Allies to destroy our enemies and hasten their defeat.

We should not permit any weakening of this system of combined war supply to delay final victory a single day or to cost unnecessarily the life of one American boy. Until the unconditional surrender of both Japan and Germany, we should continue the lend-lease program on whatever scale is necessary to make the combined striking power of all the United Nations against our enemies as overwhelming and as effective as we can make it.

We know now that by combining our power we can speed the day of certain victory. We know also that only by continuing our unity can we secure a just and durable peace.

FRANKLIN D. ROOSEVELT.
The White House, Aug. 23, 1944.

Statistics of lend-lease from its beginning on March 11, 1941, to June 30, 1944, were enumerated as follows in Associated Press advices appearing in the New York "Times" of Aug. 24:

GOODS TRANSFERRED

Category—	Amount	Per Cent of Total
Munitions	$15,162,329,000	53.6
Industrial materials	6,026,086,000	21.3
Agricultural products	3,630,585,000	12.9
SERVICES RENDERED		
Servicing and repair of ships, etc.	522,853,000	1.9
Rental of ships, ferrying of aircraft, etc.	2,210,752,000	7.8
Production facilities in United States	621,700,000	2.2
Miscellaneous expenses	96,046,000	0.3
Total lend-lease aid	$28,270,351,000	100

GOODS TRANSFERRED

Category—	Number
Planes	30,900
Tanks	26,900
Ships, naval	1,400
Ships, cargo (1,000 gross tons up)	511
Ships (under 1,000 gross tons)	1,284

Reverse lend-lease aid is put at over $3,000,000,000 as of June 30, but preliminary figures are available only to April 1. They include:

Country	Value
United Kingdom	$1,934,400,000
Australia	457,623,000
New Zealand	109,368,000
Total	$2,501,391,000

In addition, reverse lend-lease aid in India is put at more than $100,000,000 as of Jan. 1, 1944.

Wilson Resigns From War Production Board

The resignation of Charles E. Wilson as Executive Vice-Chairman of the War Production Board was made known at the White House on Aug. 24. Lieut.-Com. J. A. Krug has been named to succeed him, and has been designated Acting Chairman to serve while Donald M. Nelson, Chairman of the WPB, is absent on the trip to China, assigned to him by the President.

In tendering his resignation, accepted with reluctance by the President, Mr. Wilson referred to unfair attacks which he said were, in his opinion, inspired by subordinate officials of the Board. "It is apparent to me," said Mr. Wilson, "that instead of being discontinued these attacks upon me and upon members of my staff will be increased." He added: "A continuance of the attacks will impair the efficiency of key men and will more than offset any contribution that I can make to the improvement of the lagging programs."

Mr. Wilson in his letter also said: "I need not tell you that I favor reconversion and have approved and set in operation many steps which have already affected reconversion to a large degree. I have done this without publicity because I believe publicity might interfere with war production."

In his reply, the President stated that, "of course, I have been aware of some dissention within the War Production Board. I had hoped it would disappear. I have accepted your judgment in other things. I must accept accept it in this matter." The President also in his reply took occasion to express his "sincere appreciation of the patriotic service you have rendered at great personal sacrifice to yourself." The President further said: "The wonderful record we have made in aircraft production and shipping construction is evidence of the splendid contribution you made to the war effort."

Mr. Wilson's letter of resignation to the President as reported from Washington by the Associated Press follows:

Aug. 23, 1944.

My Dear Mr. President:

Two years ago you requested me to accept an appointment with the War Production Board because you thought I might contribute to war production, particularly to aircraft and shipping programs, which production programs you then believed to be lagging. We agreed then it would require six months' service.

Last December, when I had been with the Board for more than a year, war production had progressed so satisfactorily I felt my job was completed and I asked you to permit me to return to my business. You insisted upon my remaining.

Again, in April, I felt that the production programs generally were in such condition that I could ask to be released. But you prevailed upon me to remain, indicating that you might consent to my leaving about the end of July. Last Saturday you again presented the same request. You asked that I remain until Germany capitulated or the several production programs now lagging had improved. I agreed and I left you with renewed inspiration.

Since Saturday, when you issued your public statement regarding Mr. Nelson's trip to China and your request that I assume direction of the War Production Board, there has been renewed circulation in the press and over the radio of stories to the effect that because of my former position as President of the General Electric Co., from which company I resigned when I joined the War Production Board, I am opposed to reconversion.

These statements, like many similar statements that have appeared in recent months, were, in my opinion, inspired by subordinate officials of the Board connected with the personal staff of Mr. Nelson. Many of my immediate staff and I have presented to Mr. Nelson urgent requests that these individuals be forced to discontinue their unfair attacks and criticisms of members of the organization.

Mr. Nelson has disclaimed any responsibility for these attacks, asserting that they were made without his knowledge or approval. He has acknowledged many times to us that there has never been any issue in the War Production Board as between small and large business and that no problem was ever decided on that basis. He has also repeatedly acknowledged that the staff and I have been fully cooperative in reconversion.

I need not tell you that I favor reconversion and have approved and set in operation many steps which have already affected reconversion to a large degree. I have done this without publicity because I believe publicity might interfere with war production. I have again and again expressed the view that I am opposed to any interference with war production as its necessities are presented to me by the Commander-in-Chief and by the Joint Chiefs of Staff.

It is apparent to me that instead of being discontinued these attacks upon me and upon members of my staff will be increased. I cannot answer them unless I employ publicity experts. I am unwilling to do that. A continuance of the attacks will impair the efficiency of key men and will more than offset any contribution that I can make to the improvement of the lagging programs. When the minds of men are diverted from their asks to answering criticisms they believe to be unfair the war effort will suffer.

It is obvious that the unjust attacks upon me do me great personal injury. However, that is important only to me. The thing that is important is that the dissension within the organization does harm to the war production effort and, therefore, to the country. I am unwilling to be a party to such a controversy. I feel that anything I can do to end the controversy would be a service to my country.

I appreciate the great honor you bestowed on me when you gave me the responsibility of war production. You have supported and inspired me. I have given my best. For the reasons stated above, I have reached the definite conclusion that I can best serve the country and you by resigning. Therefore I tender herewith my resignation to take effect today.

President Roosevelt's Reply

Aug. 24, 1944.

Dear Charlie:

I have your letter tendering your resignation.

You are correct in stating that originally I requested you to come to Wahington to solve some of the problems connected with the aircraft and shipping programs. The wonderful record we have made in aircraft production and shipping construction is evidence of the splendid contribution you made to the war effort.

It was because of your success in these two important programs that I would not accept your resignation last December and again in April persuaded you to remain For the same reason I requested you last week to remain until the surrender of Germany.

Of course, I have been aware of some dissension within the War Production Board. I had hoped it would disappear. I have accepted your judgment in other things. I must accept it in this matter.

With reluctance I accept your resignation. In doing so I wish to express my sincere appreciation of the patriotic service you have rendered at great personal sacrifice to yourself.

At a critical time in our war effort your expert knowledge of mass production methods contributed to the success of vital programs that today are reflected in our successes on many battle fronts. Those who are charged with the direction of our armed forces have frequently expressed to me their appreciation of your intelligent cooperation. I am sure I speak for them and for the people generally when I say you have rendered outstanding service to your country.

Sincerely yours,
FRANKLIN D. ROOSEVELT.

Results Of Treasury Bill Offering

The Secretary of the Treasury announced on Aug. 28 that the tenders of $1,200,000,000, or thereabouts, of 92-day Treasury bills to be dated Aug. 31 and to mature Nov. 30, 1944, which were offered on Aug. 25, were opened at the Federal Reserve Banks on Aug. 28.

The details of this issue are as follows:

Total applied for, $1,831,554,000. Total accepted, $1,210,125,000 (includes $56,965,000 entered on a fixed price basis at 99.905 and accepted in full).

Average price 99.905, equivalent rate of discount approximately 0.375% per annum.

Range of accepted competitive bids:

High, 99.910, equivalent rate of discount approximately 0.356% per annum.

Low, 99.905, equivalent rate of discount approximately 0.376% per annum.

(62% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on Aug. 31 in the amount of $1,215,335,000.

The Financial Situation

(Continued from first page)

the American system has become "outmoded" and must undergo radical alterations, and who make the mistake (which has been made before) of supposing that by striking out the very foundations of our system of free enterprise we may save it.

We suggest certain rather self-evident considerations to the American citizen who is pondering the future amid all this clamor. The first is the fact that the mere formulation and adoption of a "program" alleged to be suited to the correction of a condition is no guarantee whatever that the infirmity will be thereby removed or even ameliorated. The public is quite within reason and common sense in demanding that the reformers not only make the details of their programs fully clear and explicit, but present a conclusive, or at least a very strong, case to prove that they will have the effect claimed for them. Stated in this way, the truth appears almost trite. Yet it is daily ignored or forgotten.

Unemployment Cures

One of the most common questions of the day concerns the extent of unemployment that the public will "tolerate" before demanding that government "step in." Some who ask such questions are merely concerning themselves with a practical problem in political forecasting as an aid to business planning. They are under no delusions about the efficacy of government unemployment programs; they merely want to know what they can count on. There are, however, others who appear very definitely to suppose that government programs of the sort resorted to in the prewar days of the New Deal would be effective—and that in spite of the fact, which Governor Dewey recently called to the attention of the public, that the war, not the New Deal unemployment programs, put an end to mass unemployment of the 'Thirties. May it not be at least conceivable that such unemployment programs as we devised in the 'Thirties, and as many appear to envisage for the post-war years actually increase unemployment, make the lot of the unemployed harder in the long run, or, at the very least, make it more difficult than ever to get rid of the condition complained of? It seems to us that the voter, at any rate, would be wise to ask preciselv this question of those who would launch the nation upon vast and immensely expensive unemployment programs when the war is over.

"Controls"

Perhaps the idea of "controls" in the popular mind at anv rate center chieflv around price regulation and rationing. It appears to be taken for granted in many quarters that to ration an article which is scarce and to fix its price is to solve the difficulty which is troubling us. Something of a case can be made out for such a supposition in time of total war. The situation is, however, certainly vastly different as soon as peace returns. Let it be recalled that the root of the difficulty is inadequate supply—at bottom, insufficient production—of the goods in question. If such is the fact, the situation is not likely to be remedied until production is increased to meet demand. Rationing is at best merely a device to assure more equitable distribution of a scarce article. It can do nothing to eliminate the scarcity. Price control, which, of course, means lower prices than otherwise would obtain, far from stimulating production, is likely to do precisely the opposite—and thus render a bad situation worse.

Again, rationing becomes a farce, or worse, when not enforceable. The difficulties and the shortcomings of the rationing system of today when a world war of unprecedented destructiveness is aiding the enforcing officials scarcely suggests effectiveness once the strife is over and the rank and file of the people have "let down." A reckless extension of war rationing generally into the post-war era would, in our view, be to risk the rise of another prohibition situation of crime and violence. At any rate, the public would certainly be fully warranted in making searching inquiry into these matters, and not merely accept the current suggestion that "controls" "must" be extended into the post-war period—as if their effectiveness and beneficence had been established.

How Many Shortages?

Two other considerations suggest themselves. One is, that one would be wise not to accept the notion that supplies of virtually everything under the sun will be short when the war is over. There are a great many who seem to suppose that shortages will be the normal state of affairs for years to come. It may well be doubted. Enormous supplies of many things lie in storage either for future military use or as military reserves. Their volume may surprise many people when the war is over—as it did in certain instances after World War I. Of course, shortages as measured against the natural desires of all mankind will always exist. But even in the world to come the lack of means on the part of many people with which to acquire manv things will again count on the market place.

And, finally, let us rid ourselves of the notion that somehow it is our duty and our duty alone to feed every one else on the globe and to set them up in business again. We are called upon to do no such thing.

Iceland To Resume Scandinavian Ties; Permanent Connections With U. S. Hoped For

Iceland intends to resume her close connections with the Scandinavian countries but hopes also to establish permanent connections with the United States, Sveinn K. Bjornsson, President of Iceland, declared on Aug. 28 at a luncheon given in his honor at the Bankers Club by Thomas J. Watson, President of International Business Machines Corporation.

"We are Scandinavians; we have had relations and contacts with Scandinavians; we have only been hindered from keeping the connections we need to have with other Scandinavian countries by the war, but we look forward to establishing them very soon after the war is won," he said.

"But those close relationships we have not got with the United States. I hope we will. My first visit to the United States was at the beginning of the first World War, 1914, to establish business connections with the United States. And there was a very lively business connection between our two countries during the whole first World War and two or three years afterward. Then it stopped and by and by we forgot each other. That must not happen now and will not happen, I am sure, because the relationships have been on a much larger scale than at any time before."

President Bjornssen indicated that the conduct of American troops in Iceland had been such that "our esteem for the people of the United States is more than it has been at any time." He added: "We think that you feel that you yourselves are human beings and that we in Iceland also are human beings. That is the gist of what I understand to be the basis of the very fine relations between us. We are going to realize more and more, and I hope the whole world will realize, that we are all human beings, and that human beings want to develop in freedom and peace. If you give them freedom then you will have in the future the best thing that we can expect—a community of human beings all over the world."

In a brief address Mr. Watson said: "I think the future world has possibilities which will be developed to a point where everyone will be living in a better world than they have ever lived in before, and this will be within a reasonable time. I have enough confidence in the leaders of all the countries who are going to sit around the peace table and plan for the future to feel confident that those plans will be fair to the world and will be backed up with whatever force is necessary to see that they are not violated. The members of our armed forces which are scattered over the world have been called upon to do the hardest jobs any group of people were ever called upon to do. I know that all of the people on the home front everywhere will always remember our debt to them and that we will measure up to what they expect of us in making plans and seeing that they are carried out for the future."

Dr. William Mather Lewis, President of Lafayette College, declared that "we are never going to have the rehabilitation of the world until we produce in our nation and in other nations the uncommon man — uncommon in his tenacity, his vision, and his initiative."

Thor Thors, Icelandic Minister to the United States, introduced Vilhjamur Tor, Foreign Minister of Iceland, and President Bjornssen.

James A. Farely spoke briefly.

Rev. Robert I. Gannon, President of Fordham University, pronounced the invocation, and Rev. John B. Cooper, Pastor of Christ Church, Lynbrook, L. I., pronounced the benediction.

Those present included Winthrop W. Aldrich, Brig. General Frederic V. H. Kimble, Capt. Harry W. Baltacci, and Raymond Muir, representing respectively the U. S. Army, Navy and State Department with the Presidential party; Lieut. Richard S. Barthelmess, Thomas H. Beck, Dr. Helgi P. Briem, Dr. Harvey N. Davis, President of Stevens Institute; Hon. John W. Davis, Col. Gilbert T. Hodges, Percy H. Johnston, Henry J. Kaiser, Fred I. Kent, Rear Admiral Lamar R. Leahy, Vice Admiral Herbert F. Leary, Major Gen. Frank Ross McCoy, Brig. Gen. Troup Miller, Clark H. Minor, Brig. Gen. Stewart Reimel, Emil Schram, Allan Sproul, Juan T. Trippe, Dr. Harry N. Wright, President of City College of New York, and Congressman Joseph Clark Baldwin.

Liberation Of Paris Announced Prematurely

A premature report on Aug. 23 of the freeing of Paris by its own people, which came both from London and Paris, brought the following "possible explanation" in the matter, according to United Press advices from London Aug. 25 published in the New York "Times":

This possible explanation of what caused the premature announcement of the liberation of Paris by the French Forces of the Interior was offered today:

After four days of street fighting, the FFI issued a communique stating, "nous avons pris la Cite de Paris," which, when translated, means "we have taken the City of Paris."

Fighting French officials as well as Allied Supreme Headquarters agreed that there might be a mistake in the translation because "La Cite de Paris" could also refer to the island city in the Seine, as well as the entire capital.

The French Interior Forces did seize the island, on which is situated the Cathedral of Notre Dame.

As to the comments in Washington incident to the early reports, Washington Associated Press accounts on Aug. 25 had the following to say:

Joyously, if a bit prematurely in the eyes of military commanders overseas, American officials from President Roosevelt on down today hailed the liberation of Paris as presaging final and full defeat for the Nazis.

Mr. Roosevelt, Secretary of State Hull and Secretary of War Henry L. Stimson commented formally after the announcement from Gen. Charles de Gaulle, the French leader, that Paris had been freed.

About the time their statements were released, press dispatches arrived from Supreme Headquarters saying that officers there did not consider the French capital was yet liberated; that Allied troops were having to fight their way into the city.

Nevertheless, the general feeling here was that those Germans still in and about Paris could not put up any substantial resistance.

President Roosevelt and Secretary Hull both stressed the symbolic meaning of what they termed Paris' liberation.

The President's statement, which the White House later explained was issued on the basis of all the information available in Washington at the time, said:

"The joy that entered the hearts of all civilized men and women at the news of the liberation of Paris can only be measured by the gloom which settled there one June day four years ago when German troops occupied the French capital.

"Through the rising tide of Allied successes that patch of gloom remained and has only today been dispelled. For Paris is a precious symbol of that civilization which it was the aim of Hitler and his armed hordes to destroy.

"We rejoice with the gallant French people at the liberation of their capital and join in the chorus of congratulations to the commanders and fighting men, French and Allied, who have made possible this brilliant presage of total victory."

Secretary Hull called it "one of the most heartening events of the past four years."

He added: "From the military point of view its importance is outstanding and it is inspiring to know that it was made possible by the combined action of French patriots and their Allied comrades in arms. But wholly apart from the military aspects of this great victory, the entire civilized world will rejoice with the French people in the lifting of the tyrant's yoke from their capital."

Secretary Stimson coupled with a recital of the favorable military developments a plea for no slackening now in the war effort.

"On every side Germany weakens," he said. "Now is the time for us to muster all our strength and unity for the final blows."

Rumanian Minister Says Reich's Position In Eastern Europe Untenable

Charles A. Davila, former Rumanian Minister to the United States and now the representative here of Juliu Maniu, a Minister of State in the new Bucharest regime, predicted on Aug. 25 that Germany will be knocked out of the war "within a matter of weeks" because the capitulation of Rumania has made the Reich's position in eastern Europe untenable, according to the New York "Times" of Aug. 26, which went on to say:

Mr. Davila, who in 1937 resigned from his diplomatic post in Washington in protest over King Carol"s Nazification of his country, said that his sources had informed him that the Allies had not asked unconditional surrender from Rumania. Under the terms of the armistice, according to Mr. Davila, Rumania agreed to take up arms against the Axis, turn over Bessarabia and northern Bukovina to Russia and pay the Soviet reparations of $600,000,000.

In a press conference at the Free World Association House, 144 Bleecker Street, the statesman said hopefully that these conditions might be modified if the Rumanian Army contributed substantially to the German defeat. He estimated that Rumania had 200,000 to 250,000 men in uniform.

The very latest the Germans can hold out, he said, will be to October.

Asked whether the Rumanian people would support King Michael despite the fact that he was the nominal head of the war Government, Mr. Davila said he did not believe the King would be held responsible for the sins of the "so-called Marshal Antonescu."

Then Mr. Davila added grimly:

"But if his father, Carol, in Mexico, keeps pulling wires to mount the throne again, we'll get rid of the whole monarchy."

Turning to the question of post-war Europe, Mr. Davila said all the countries on the Continent would adopt modified socialism under a form of State capitalism and from there would go by stages to full socialism.

"Europe is already socialist-minded and it will do no good to try to reinflate private capitalism," he warned.

Nelson & Hurley To Visit China On FDR Mission

President Denies Rumors Associated With WPB Chairman's Assignment. Acccepts Resignation Of Charles E. Wilson As Executive Vice-Chairman Of WPB.

Announcement of plans for the early departure to China of Donald M. Nelson, Chairman of the War Production Board, and Maj. Gen. Patrick J. Hurley was made on Aug. 20 by President Roosevelt, whose statement in the matter said:

"Maj. Gen. Patrick J. Hurley and Mr. Donald M. Nelson will leave shortly for China. They will go as my personal representatives to the Generalissimo.

"General Hurley will discuss military and military supply problems while Mr. Nelson will discuss economic problems with the Generalissimo. They will be in China for several months. Their conferences will extend over that period of time.

"Mr. Charles Wilson will act as Chairman of the War Production Board in the absence of Mr. Nelson on this important mission."

With reference to the mission of Mr. Nelson to China, Washington advices Aug. 21 by Raymond J. Blair, published in the New York "Herald Tribune," stated:

"President Roosevelt succeeded today, by quick action, in heading off the threatened resignation of Donald M. Nelson, Chairman of the War Production Board, because the latter had feared his program for reconversion was about to be shelved in favor of the more cautious plans of Charles E. Wilson, WPB Executice Vice-Chairman.

"Mr. Roosevelt took the unusual step of issuing a statement explaining one he had issued Saturday, which had announced that Mr. Nelson and Major General Patrick J. Hurley were going to China for 'several months' as his personal emissaries to study economic, military and military supply problems. The second statement, which came after a spokesman for Mr. Nelson had revealed that he was considering resigning, made it clear that Mr. Nelson's mission would be 'temporary' and that it indicated no change in WPB policy.

"After the White House statement appeared at about 4:30 p.m. the WPB announced that Mr. Nelson would definitely stick to his original intention of making the China trip."

Mr. Roosevelt's statement said:

"Any impression that Mr. Nelson's temporary mission to China indicates a change in policy in the War Production Board is entirely unfounded.

"Mr. Nelson was selected to go to China with General Hurley on a most important and pressing mission.

"Mr. Nelson's mission is necessarily confidential. I regret that more about the work assigned him cannot be said at this time. When it is possible to tell the whole story, those who charge that he is being 'kicked in the teeth' will realize how wrong and unjust they have been—what a disservice they have rendered their country and Mr. Nelson personally."

The proposed visit to China of Mr. Nelson, at a time when he appeared to have succeeded in his efforts for the resumption of limited civilian production was the occasion for conjecture among Congressmen and others, said Associated Press advices from Washington on Aug. 20, which stated:

Speculation stemmed chiefly from President Roosevelt's specification that it would take Nelson and Maj. Gen. Patrick J. Hurley "several months" to finish up their assignment of discussing military and economic problems with Generalissimo Chaing Kai-Shek.

Some of Nelson's associates called that time the critical period of his reconversion program and said they were positive that Nelson, until the White House announcement last night, had believed his entire mission to China, including travel time, would be completed in about three weeks.

Most Democrats in Congress withheld formal comment on the situation, but Senator Wherry (Rep., Neb.) declared:

"If ever there was a time when we need a man of Mr. Nelson's experience, it is right here on the home front at this time."

But Chairman Manasco (Dem., Ala.), of the House Committee on Expenditures, who has been directing House consideration of surplus property legislation, asserted:

"I don't think the shift in Mr. Nelson's work will have much effect on reconversion because we have just about completed arrangements for this job."

On Aug. 21, members of the Senate War Investigating Committee went ahead with their plans, it is learned from the Associated Press, which reported Senator Ferguson (R.-Mich.) as saying that he and other Senators were disposed to accept the President's statement at its face value, but "we want to find out how strong others at the WPB are for Mr. Nelson's plans for limited civilian production."

To that end, he said, the Committee plans to question Charles E. Wilson, Executive Vice-Chairman of the WPB, who will be in charge during Mr. Nelson's absence.

Announcement was made on Aug. 24 by President Roosevelt of the resignation of Mr. Wilson as Executive Vice-Chairman of the War Production Board.

On the same day (Aug. 24) it was made known that it had been disclosed that Mr. Nelson told Senate investigators that Lieut.-Gen. Brehon B. Somervell complained of man-power shortages on the eve of a recent cutback in airplane production which released thousands of workers for other jobs.

The following Associated Press advices from Washington, Aug. 24 are from the "Wall Street Journal":

"The War Production Board Chairman told the Senate War Investigating Committee that with rare exceptions all military demands 'are being met.'

"The committee released Mr. Nelson's story, told at a secret meeting last week, as the aftermath of publication of testimony by Maj. Gen. Lucius D. Clay, Army material director, stressing artillery and other deficits he attributed primarily to manpower shortages."

"Mr. Nelson declared that:

"1. Gen. Somervell complained to War Mobilization Director James F. Byrnes about 'a great shortage of manpower' just prior to announcing the recent airplane cutback releasing thousands of workers for other jobs.

"2. War production 'does not need more than 100,000' of the 700,000 workers already released from munitions industries.

"3. The War Production Board is not kept advised of military reserves at the front and must accept Army and Navy requests at face value.

"4. Tremendously increased requirements for heavy artillery were due to the Army's delay in acknowledgment that aircraft bombing could not take the place of artillery.

"Aserting that the recent airplane cutback would solve manpower shortages in the forging industry, Mr. Nelson testified the Army had anticipated the cut for three months prior to its announcement.

"In the airplane industry, he said, unemployment 'will be acute and by the first of January will affect three to four hundred thousand workers.'

"'I feel confident that the assurance that civilian production is being planned in every area and shop where it is not interfering with war production will serve to defer any haste in leaving a war job,' Mr. Nelson said."

Also in Associated Press advices Aug. 24 it was stated that the urgency of Mr. Nelson's impending mision to China was emphasized by disclosure that China's pocket-sized armament program was unable to supply even the spare parts for the few thousand American trucks sent there before the Japanese cut the Burma Road.

Spare parts and tires for these trucks, which are helping to maintain supply lines to B-29 Superfortress and other American air bases in China, comprise part of the small amount of goods now being flown to China, according to President Roosevelt's lend-lease report yesterday to Congress.

Associated Press advices from Washington on Aug. 25 had the following to say about the matter:

An angry new storm broke about Donald M. Nelson's head tonight, shortly after the War Production Board Chairman left for China.

Rubber Director Bradley M Dewey accused the WPB head of "typical Washington sniping," in comment on the rubber program. It was, Dewey declared, the same sort of "sniping" that led to Wilson's resignation "and made many good Americans unwilling to give services that otherwise would be of value to the country in the conduct of the war."

Dewey referred to Nelson's testimony to the Senate War Investigating Committee, given last week but made public only yesterday.

While before the Senate Committee, Nelson was asked about Dewey's recent announcement that the rubber program was completed and he would resign Sept. 1.

"It was completed, all but getting the tires," Nelson commented.

Dewey's sharp attack on Nelson was made in a statement which, he said, would be sent to the Senate Committee. Copies were given to news reporters.

The new row developed at a time when some in Washington were questioning whether Nelson would continue as WPB Chairman after he returned from China. Asked about that at his forenoon news conference, President Roosevlt said he did not know.

Dewey said he had never stated that the job of providing tires was done, "but simply that the synthetic rubber plants are turning out more rubber than was currently being consumed."

"The problems of providing manpower and tire cords no longer require the broad special powers of the Rubber Director," Dewey said.

"They are of no value to the problem of manning the plants and providing the much needed tires. By Presidential directive, these were and are the responsibilities of the War Production Board and of the War Manpower Commission."

Meanwhile WPB sources said that 37-year-old J. A. Krug, who took over as Acting Chairman as Nelson departed this morning for Chungking, had received a blank check of authority to run the war agency and get it operating with maximum efficiency.

Assigned to the task by Mr. Roosevelt when Wilson resigned yesterday as Executive Vice-Chairman, Krug was reported to have made it clear to top WPB officials that he expected an immediate end of rumor-mongering and policy disputes within the agency. He was said to have promised to fire anyone who engaged in future internal brawls.

President Stresses Need Of Lasting Peace In Talk To Security Conference Delegates

In receiving the delegates to the International Security Conference in Washington on Aug. 23, President Roosevelt told them that "we have got to make not merely a peace but a peace that will last, and a peace in which the larger nations will work absolutely in unison in preventing war by force." "But the four of us," the President went on to say, "have to be friends. conferring all the time—the basis of getting to know each other—'putting their feet on the table.'"

The President indicated it as "something new this close relationship between the British Empire and the United States." He likewise observed that "this great friendship between the Russian people and the American people—that is new. Let's hang on to both friendships, and by spreading that spirit around the world we may have a peaceful period for our grandchildren to grow up in."

As was noted in our Aug. 24 issue (page 809) the conference opened at Dumbarton Oaks, Georgetown, Washington on Aug. 21, at which time it was addressed by representatives of the United States, Great Britain and Russia—Secretary of State Hull delivering the opening remarks. Following the discussions of the three foregoing powers, a meeting is also planned between representatives of the United States, Great Britain and China.

The President's "informal remarks," on Aug. 23 as reported by the Associated Press, follow:

Gentlemen, this is an informal occasion. I have not prepared any speech. This is merely a feeling on my part that I would like to shake hands with you. I should like to be able to go out to Dumbarton Oaks, to take a part in your discussions.

A conference of this kind always reminds me of an old saying of a gentleman called Alfred E. Smith, who used to be Governor of New York. He was very, very successful in settling any problem between capital and labor, or anything that had to do with the State government in which there was a controversy.

He said if you can get the parties into one room with a big table and make them take their coats off and put their feet up on the table, and give each one of them a good cigar, you can always make them agree. Well, there was something in the idea.

You have a great responsibility. In a way, it is a preliminary responsibility. But, after all, we learn from experience, and what I hope is that in planning for the peace that is to come we will arrive at the same good cooperation and unity of action as we have in the carrying on of the war. It is a very remarkable fact that we have carried on this war with such great unanimity.

I think that often it comes down to personalities. When, back in 1941, at the time of the Atlantic Charter, just for example, I did not know Mr. Churchill at all well. I had met him one or twice very informally during the first World War. I did not know Mr. Eden. But up there in the North Atlantic—three or four days together, with our two ships lying close together—we got awfully fond of each other. I got to know him, and he got to know me. In other words, we met, and you cannot hate a man that you know well.

Later on Mr. Molotoff came here, and we had a grand time together. Then during the following year, at Teheran, the Marshal (Stalin) and I got to know each other. We got on beautifully. We cracked the ice, if there ever was any ice; and since then there has been no ice. And that's the spirit in which I know you are going about your work.

I was just talking with the Secretary of War, Mr. Stimson. He was saying that one of the tasks we face is making this conference of ours—and the successor conferences—something that will last, last a long time. He said that, unfortunately, in Germany the young people, the young Nazis, favor an idea which will be dangerous to the peace of the world, just as long as they have anything to say about it.

The prisoners of 17, 18, 20, that we are capturing now—both on the French front and Soviet front—these German prisoners of that age are even worse in their nazism than the prisoners of 40 or 45. And, therefore, as long as these young men have anything to say about it, the peril of nazism will always be before us.

And we have got to make, not merely a peace but a peace that will last, and a peace in which the larger nations will work absolutely in unison in preventing war by force. But the four of us have to be friends, conferring all the time—the basis of getting to know each other—"putting their feet on the table."

And so I am very hopeful that it can be done, because of the spirit that has been shown in the past in getting together for the winning of the war. But that is the spirit that we have learned so well in the last few years. It is something new, this close, relationship between the British Empire and the United States. This great friendship between the Russian people and the American people—that is new. Let's hang on to both friendships, and by spreading that spirit around the world, we may have a peaceful period for our grandchildren to grow up in.

All I can do is to wish you every possible success in this great task that you have undertaken. It will not be a final task, but at least it gives us something to build on, so that we can accomplish the one thing that humanity has been looking forward to for a great many hundreds of years.

It is good to see you. Good luck.

ABA Plans Four Regional Conferences

Four regional conferences bringing together groups of State bankers associations have already been planned by the Post-War Small Business Credit Commission of the American Bankers Association. These meetings are designed to give the officers and representatives of the State associations firsthand information regarding the Commission's program, policies and procedure. It is expected that the State associations will in turn carry the local application of the plan back to their members through series of State and county meetings.

The dates and States which are represented at the first four meetings are as follows:

September 11 — Hotel Statler, Boston—Maine, New Hampshire, Vermont, Rhode Island, Massachusetts and Connecticut.

September 18 — Hotel Netherland-Plaza, Cincinnati—Ohio, Indiana, Kentucky and W. Virginia.

September 28 — Hotel Stevens, Chicago — Illinois, Wisconsin, Michigan, Minnesota, and North and South Dakota.

October 2—Kansas City, Missouri (hotel to be announced later)—Missouri, Kansas, Nebraska and Iowa.

The Georgia Bankers Association will hold its own State-wide meeting on small business credit September 4 at the Ansley Hotel, Atlanta, and has invited representatives of the ABA, Post-War Small Business Commission to take part.

Plans for other regional meetings are now under way. It is expected that the series, blanketing the entire country, will be completed by the end of October.

V-Loans For Reconversion Proposed By Eccles

Marriner S. Eccles, Chairman of the Federal Reserve System, proposed on Aug. 23 legislation to create a Government guarantee system for business loans, looking toward expansion of private enterprise in the post-war era, it was disclosed in an Associated Press dispatch from Washington on the same day, which also had the following to say about the program:

Such a program would extend into the reconversion period the "V Loan" system which has been used in financing war production.

"The guaranteeing of such loans by the Reserve banks," Mr. Eccles told the House Banking Committee, "would not be competitve with the private banking system. A borrower would be expected to apply for such a loan through his usual banking connection. The bank would in turn make application to the Federal Reserve Bank of its district for the guarantee.

"It is contemplated that the guarantees by the Reserve banks under this authority would not exceed 90% of the amount of the credit, since any enterprise which has reasonable prospects of successful operation should be able to obtain financing in which its bank assumes at least 10% of the risk under the loan."

Such guarantees, under legislation proposed by Mr. Eccles, would be available for any types of loans made by financing institutions to business and industry on a short-term or long-term basis and to provide either working capital or facilities.

The Reserve Bank Chairman told the Committee:

"Numerous enterprises will not be able to resume peacetime operation without financial assistance, in many cases beyond that available from private sources upon terms which will meet the borrower's requirements. . . .

"Some contractors, in order to avail themselves of a favorable opportunity for purchasing Government-owned facilities and inventory, may require a larger amount of credit than can be obtained upon terms customarily granted by banks. Such situations may occur before settlement of cancelled contracts as well as thereafter."

Eccles said the Federal Reserve System now is in position to guarantee such loans up to $500,000,000 without any new appropriation from Congress.

Associated Press advices from Washington on Aug. 24 said that the Senate Banking Committee was told today that War Secretary Stimson, Contract Termination Director Robert H. Hinckley, and Bernard M. Baruch, Administration financial advisor, favor legislation authorizing Federal Reserve banks to guarantee loans to private business after the war.

Marriner S. Eccles read letters to the Committee from the three men urging approval of the measure.

Daniel W. Bell, Treasury Under-Secretary, wrote the Committee:

"The Treasury is of the opinion that the Federal Reserve banks, as a matter of long-range policy, should not be authorized to make business loans or guarantee such loans made by financing institutions.

"However, it is recognized that there cannot be too many outlets for credit during the period of reconversion of industry to a peacetime basis. Because of our desire to offer every inducement to industry, small as well as large, to shorten the reconversion period, the Treasury will interpose no objection to the proposed legislation."

Cotton Spinning For July

The Bureau of the Census announced on Aug. 21, that according to preliminary figures, 23,293,014 cotton spinning spindles were in place in the United States on July 31, 1944, of which 22,289.904 were operated at some time during the month, compared with 22,373,494 for June, 22,387,784 for May, 22,411,922 for April, 22,538,308 for March, and 22,667,376 for July, 1943. The aggregate number of active spindle hours reported for the month was 8,607,616,897, compared with 9,712,189,574 for last month and 9,887,560,880 for July, 1943. Based on an activity of 80 hours per week, the cotton spindles in the United States were operated during July, 1944, at 115.5% capacity. This percentage compares, on the same basis, with 118.5 for June, 119.0 for May, 124.9 for April, 122.0 for March and 120.0 for July, 1943. The average number of active spindle hours per spindle in place for the month was 370, compared with 417 for last month and 423 for July, 1943.

Exchange Offering Of Treasury Ctfs., Notes

Secretary of the Treasury Morgenthau on Aug. 24 announced an offering, through the Federal Reserve Banks, of 7/8% Treasury Certificates of Indebtedness of Series F-1945, open on an exchange basis, par for par, to holders of Treasury Certificates of Indebtedness of Series E-1944, maturing Sept. 1, 1944. At the same time, the Secretary offered holders of Treasury Notes of Series C-1944 and of Treasury Notes of Series D-1944, maturing Sept. 15, 1944, an opportunity to exchange such notes for Treasury Notes of Series A-1946. The Treasury announcement added:

The certificates offered will be dated Sept. 1, 1944, and will bear interest from that date at the rate of seven-eighths of 1% per annum, payable semi-annually on March 1 and Sept. 1, 1945. They will mature Sept. 1, 1945. They will be issued in bearer form only, with two interest coupons attached, in denominations of $1,000, $5,000, $10,000, $100,000 and $1,000,000.

The notes now offered will be an additional issue of the series originally issued on Nov. 1, 1941, with interest from Sept. 15, 1944. Exchanges will be made par for par as of Sept. 15, 1944. The notes bear interest at the rate of 1% per annum, payable semi-annually on March 15 and Sept. 15 in each year. They will mature March 15, 1946. They are issued in bearer form only, and in denominations of $100, $500, $1,000, $5,000, $10,000 and $100,000. For this exchange offering, and for future transactions in notes of this series. the additional denomination of $1,000,000 will be available.

Pursuant to the provisions of the Public Debt Act of 1941, interest upon the securities now offered shall not have any exemptions, as such, under Federal tax Acts now or hereafter enacted. The full provisions relating to taxability are set forth in the official circulars released today.

Subscriptions will be received at the Federal Reserve Banks and Branches and at the Treasury Department, Washington, and should be accompanied by a like face amount of maturing securities. Subject to the usual reservations, all subscriptions will be allotted in full.

There are now outstanding $4121.783,000 of the Series E-1944 certificates, $283,006,000 of the Series C-1944 notes. and $635,064 400 of the Series D-1944 notes.

The terms of these offerings are set forth in Treasury Department circulars Nos. 748 and 749, dated Aug. 24, 1944.

The subscription books were closed at the close of business on Saturday, Aug. 26, but subscriptions addressed to a Federal Reserve Bank or branch and placed in the mail before 12 o'clock midnight Aug. 26 were considered as having been entered before the close of the subscription books.

Petroleum To East Coast By Pipeline At New High

The Petroleum Administration for War on Aug. 22 announced that pipeline movements of petroleum to the East Coast reached an all-time high during the week ended Aug. 5, when deliveries averaged 715,222 barrels per day. The previous record of 709,075 barrels daily was set for the week ended July 15. The record movement consisted of 438,286 barrels of crude oil and 276,936 barrels of refined products and represented movements from the Southwest and Middle West. to the East Coast.

Pipeline Program Summarized

A summary of the pipeline program as of Aug. 1 revealed the following accomplishments, according to the PAW:

1. The total estimated program cost is now $259,500,000, of which $167,000,000 will have been financed by the Government, $92,500,000 by private industry.

2. The total mileage of construction authorized is 8,535 miles, including 5,597 miles of new pipe and 2,938 miles of second-hand pipe.

3. Total construction completed as of Aug. 1 amounted to 7,901 miles, including 4,980 miles of new pipe and 2,921 miles of second-hand pipe. Of that total, 4,274 miles of pipe is for transport of crude oil and 3,627 miles for carrying refined products.

4. The direction of flow of 3,366 miles of existing pipelines was reversed and 44 additional miles are scheduled yet to be reversed.

5. A total of 436 miles of natural gas lines has been converted to oil service.

3. Mileage of all pipeline construction, reversals and conversions programed as of Aug. 1 totaled 12,381. Of this amount, 11,703 miles have been completed.

WMC Announces Steps To Insure Manpower For "Must" Production

With the manpower problems confined to certain critical plants in certain areas, the War Manpower Commission announced on Aug. 19, that the following steps had been taken to insure manpower for "must" production:

1. Beginning this week and periodically hereafter, WMC headquarters will report to its regional directors specific names of firms highly urgent in the immediate war program that are behind schedule. These firms are to be given priority in all local action taken by regional, State and area directors.

2. A staff has been created by WMC headquarters with the special field assignment of working with regional offices in the application of ceiling programs and in following through on other action. It will be the responsibility of this staff not only to see that everything possible is done in the field to staff the "must" plants, but also to insure that prompt action is secured in Washington in connection with problems needing headquarters assistance. With A. A. Liverwright as Director, this staff will include Richard Lyman and Eugene Vinogradoff, of headquarters, and four regional men; John Thurston, Cleveland, Ohio, Region V; Chester Hepler, Chicago, Ill., Region VI; Henry LeBlanc, Dallas, Texas, Region X, and Frank Constangy, Atlanta, Ga., Region VII. The staff has been in training session in Washington this week and will begin operations in the field on Monday.

Each member of the special staff will be assigned to specific regions and after consultation with the regional director will be held responsible in conjunction with representatives from the regional and State office for securing immediate action in regard to the special plants. Members of the field staff will be responsible for providing regional directors with a frank report regarding the situation in all areas contacted and, where necessary, will recommend additional action required to staff special plants.

Headquarters will also train and supervise a group of special recruitment crews, which will be sent into the field within the next two weeks to work with the regional, State and area staffs in accelerating the present clearance program.

WMC field offices have been instructed that all recruiting, placement and priority machinery must be geared to meet the needs of critical plants. All ceiling and other expanded manpower programs in the areas in which the "must" plants are located are to be shaped to meet these plants' needs.

Distribution As Important As Manufacturing Says NAM In Discussing Reconversion

There is danger in concentrating the current discussion of post-war conversion on the problems of production, according to the Committee on Distribution of the National Association of Manufacturers.

A special postwar supplement to the current NAM News,, the weekly organ of the association, distributed on Aug. 21, calls attention to the judgment of the Board of Directors of the National Association of Manufacturers, in launching the Distribution Committee into a field heretofore untouched by the manufacturers.

"Distribution and production are equally important parts of manufacturing," the NAM Board formally resolved, "and the importance of distribution should be clearly and definitely recognized in the future work of the organization."

The work on which the NAM News publishes its current report, has led the Distribution Committee to a position which is stated as follows:

"Since manufacturing during the war has demonstrated its capacity to produce goods far in excess of any pre-war output, it seems self-evident that in the post-war years distribution will be confronted with the challenge of getting products to consumers on a larger scale than ever.

"Much attention has been directed at public purchasing power, but it is public **wanting** power, stimulated by salesmanship and advertising that has nourished the tree of prosperity.

"From the employment viewpoint, it is evident when the pressure for war material is released, that a considerable share of our swollen industrial employment can be absorbed by distribution services in the normal peace-time economy. For example, it is estimated that a plant now employing 6,000 people in war production could reduce its manufacturing personnel to 3,000 when it resumes washing machine production, yet at the same time provide a livelihood for an equal number of people beyond the shipping platform in the distribution and servicing of those washing machines."

The Chairman of NAM's Distribution Committee is Howard E. Blood, President of Norge Division, Borg-Warner Corporation of Detroit. The Vice-Chairmen are Harry A. Bullis, President, General Mills, Inc., of Minneapolis, and Charles J. Stilwell, President, Warner and Swasey Company of Cleveland.

Ton-Miles Of Revenue Freight Up Slightly

The volume of freight traffic handled by Class I railroads in July, 1944, measured in revenue ton-miles, amounted to approximately 63,750,000 ton-miles, according to preliminary estimates based on reports just received by the Association of American Railroads from Class I railroads. In July, 1943, it was 63,742,367,000 ton-miles.

The Class I railroads in the first seven months of 1944 performed 4.6% more revenue ton-miles of service than in the same period of 1943, 25% more than in the same period of 1942, and 150% higher than in the first seven months in 1939.

The following table summarizes revenue ton-mile statistics for the first seven months of 1944 and 1943 (000 omitted):

Period—	1944	1943	Inc.
1st 5 mos.__	307,018,583	291,970,400	5.2%
Mo. of Jun.	*62,000,000	57,968,242	7.0
Mo. of July	†63,750,000	63,742,367	0.0
Total __	432,768,583	413,681,009	4.6%

*Revised estimate. †Preliminary estimate.

Earnings Of Workers Up 1.6% In June, Says The Conference Board

Average weekly earnings of all wage earners in the 25 manufacturing industries regularly surveyed by the National Industrial Conference Board rose 1.6% from May to June to reach a new all-time peak of $49.23. The Conference Board also said in its report of Aug. 30:

"This increase, which was accounted for by rises in both average hourly earnings and hours worked per week, marked an advance of $18.62, or 60.8%, over average weekly earnings in manufacturing in January, 1941, the base month of the 'Little Steel' formula.

"Since the cost of living declined slightly in June, 'real' weekly earnings, which measure the quantities of goods and services that can be purchased with dollar weekly income, rose more than actual weekly earnings, or 1.7%.

"Key figures of the Conference Board's survey for June are as follows:

"Hourly earnings rose 0.6% to $1.068 in June, highest on record for the 25 industries averages. This figure marks an increase of 40.7% since January, 1941, and a gain of 48.3% since August, 1939.

"Weekly earnings, at $49.23, were 1.6% above the May average, 60.8% above that for January, 1941, and 80.4% higher than that of August, 1939.

" 'Real' weekly earnings, rising 1.7% from May to June, were 32.4% higher than in January, 1941, and 45.0% above August, 1939.

Hours worked per week on the average were 45.9 in June, an increase of 0.4 hour, or 0.9% since May. This marks a gain of 5.7 hours since January, 1941, and one of 8.0 hours since August, 1939. However, the prevailing work week was longer prior to March, 1930.

"Employment in the 25 industries declined 1.0% in June—the seventh consecutive monthly decrease. Employment was still 27.8% higher than in January, 1941, and 65.6% above that of August, 1939.

"Man hours declined very slightly in June, only 0.1%, but remained 46.0% above January, 1941, and 100.8% above August, 1939.

"Payrolls rose 0.6% from May to June despite the decline in employment. Since January, 1941, payrolls have risen 105.5%, and since August, 1939, 198.5%."

Substantial Agreement Between Hull And Dewey On Peace Organization—'Non-Partisan Subject'

(Continued from first page)

these two respective views and their carrying out will depend on future developments."

The conversations between Secretary Hull and Mr. Dulles, which were begun at Washington Aug. 23 were a development of the statement by Gov. Dewey on Aug. 17 in which he set out his views as to an international organization to maintain peace, reference to which appeared in our issue of Aug. 24, page 811. Following the presentation of Gov. Dewey's views, Secretary Hull termed "utterly and completely unfounded" the concern of Mr. Dewey lest the Big Four Powers dominate the world by force.

In Associated Press advices from Washington Aug. 17 it was stated:

Later Mr. Hull let it be known he would "welcome" a conference with Mr. Dewey and any others "who come solely in a non-partisan spirit and with a will to. . . . offer any feasible cooperation entirely free from personal political partisanship." The quotation was permitted several hours after it was made at an off-the- record news conference.

Mr. Hull met reporters informally shortly after issuing a statement in reply to the Republican Presidential nominee's assertion that the equality and rights of small nations must not be sacrificed to "cynical power politics."

The text of the [Hull] statement follows:

Governor Dewey can rest assured that the fears which he expressed in his statement are utterly and completely unfounded.

No arrangement such as described by him, which would involve a military alliance of the four major nations permanently to coerce the rest of the world is contemplated or has ever been contemplated by this Government, or, as far as we know, by any of the other governments.

In the Moscow declaration, the four nations placed themselves on record as advocating a "general international organization, based on the principle of sovereign equality of all peace-loving states and open to membership of all such states, large and small, for the maintenance of international peace and security": this statemen was embodied in the Connally resolution passed in the United States Senate by an overwhelming bipartisan vote of 85-5.

In accepting Secretary Hull's proposal for a conference, Governor Dewey addressed the following telegram to Mr. Hull, it was reported from Albany to the New York "Times" by Warren Moscow:

"I am happy to accept your proposal for consultation made at your press conference yesterday and to designate Mr. John Foster Dulles as my representative.

"Mr. Dulles, who is well known to you and to President Roosevelt, has given a lifetime of study and constructive action in the field of foreign affairs. I consider him one of the ablest of American authorities on international relations. He is fully acquainted with my views and has my complete personal confidence, which I am happy to say is shared by a number of members of the United States Senate of varying political views.

"In view especially of the progress of the war in Europe I am convinced that every effort to organize both temporarily and permanently for the establishment of lasting peace should be accelerrated, and I am happy to extend my fulles cooperation to the end that the result should be wholly bipartisan and should have the united support of the American people.

"Mr. Dulles is prepared to come to Washington and be available regularly for conference and consultation as soon as I receive your reply.

"THOMAS E. DEWEY."

Preliminary to his talks with the Secretary, Mr. Dulles on Aug. 22 sought the advice of two Republican members of the Senate foreign relations committee, Austin of Vermont and Vanderberg of Michigan, in morning conferences, said the Associated Press, which added:

"After the conferences Mr. Austin predicted there will be 'no party cleavage' over issues of peace and post-war security. Austin asserted: 'I'm strengthened in my opinion that the campaign for President and Vice President will not cast into the field of discussion any element of discord based on partisan, selfish interests.'

Mr. Austin said Republicans in the Senate, where opposition to the League of Nations after the last war blocked American participation, this time were in harmony."

From Washington Ahead Of The News

(Continued from first page)

But it seems that all of this had to have a direction, such as first Bill Knudsen and Sidney Hillman. Sidney's contribution was to see that no contracts for the uniforms of the armed forces went to anybody of whom he did not approve, which means nobody with whom his union did not have contracts. The politics of Washington were too much for kindly, efficient Bill Knudsen. In the ensuing agitation against and within this board of "direction of the American war effort," the current New Deal Vice Presidential candidate, Senator Truman, viewed with alarm.

After many, many months in this "direction of war production," Knudsen first went out, the victim of Washington politics, and then later out went Sidney Hillman.

Inasmuch as we have heard a lot about strikes holding up war production and being the cost of American lives, we have a right to assume that this inefficiency, this agitation against and within the Board which was directing America's great all-out industrial effort, also cost lives.

Donald Nelson, in the politics of Washington, finally came to take complete charge. We have been at war for nearly three years now, much longer than we were in the first World War. We have lost thousands in the Mediterranean and in the European campaigns, and in the Pacific, the latter of which is still apparently outside of our thinking.

Our successes, we are told, are due to the valor and courage of our boys, and to America's industrial output, the latter being an effort — indeed, everything — brought about under the direction of the greatest of all men, Mr. Roosevelt. Indeed, so great has been his greatest of all generalships, that some of our industrialists now think, and so do the parents of some boys, although they realize his nonsense on domestic policies, they should sustain him through our crisis — because he knows Stalin and Churchill, and to a secondary degree, Chiang Kai-shek, to whom he had better send some more support if he really wants to keep up the acquaintance.

It is a tremendous jolt to this picture to learn that the great war production agency which is responsible for America's production might, has been in a stew, and really of no good to anybody all this time.

We remember quite vividly, when in an effort to save Donald Nelson's face, Charles E. Wilson, of General Electric, was brought into this direction of the war production effort. Ever since then the Washington correspondents have assumed that Wilson was really head of this "direction of the war effort." Indeed, we have been told that whereas America's industrial might was not "mighting" quite as it should before Wilson, it was really "mighting" after him, and the plain suggestion was that without this mighty directing effort on the part of Mr. Roosevelt's arrangement, our industrial effort would not be as mighty as it might.

You can imagine what a shock it is for one such as myself, who had perfect confidence in this whole directive effort of Mr. Roosevelt's, to learn that Charlie and Donald are fighting, and then to see them blow up completely. The fact is that they have been feuding ever since Wilson has been in the WPB, and just how this has helped America's mighty production effort we fail to see.

But quick action is finally taken by the Indispensable Man. He is quick to perceive. He finally gets rid of both Nelson and Wilson, and puts in their place, Lt. Commander J. A. Krug, 36 years old, and one of the original Knudsen-Hillman feuders. Young Krug is anti-"power trust" and anti a lot of other things capitalistic. We are warned, however, not to make him too "radical." Men who have talked with him and who worked with him, before the draft caught him and he had to become a naval officer, say he is a "moderate." He is now head, not, insofar as we know, ever having "met a payroll," of our "direction of the war production effort," and more important, of the reconversion program. Ye Gawds!

Christmas Mail For Armed Forces Overseas

Postmaster Albert Goldman announces that arrangements are being made for the acceptance of Christmas parcels for our armed forces overseas and desires at this time to remind the public of the necessity of giving the matter some attention so as to assist the Post Office in the expeditious handling of the tremendous volume of parcels expected to be received between Sept. 15 and Oct. 15.

The term "armed forces overseas" includes the personnel of our armed forces who receive their mail through an APO or Fleet post office in care of the Postmaster at New York, N. Y.; San Francisco, Calif.; New Orleans, La., or Seattle, Wash., or an APO in care of the Postmaster at Miami, Fla.; Presque Isle, Me., or Minneapolis, Minn., or through a naval installation or station in care of the Postmaster at Seattle.

The War Department advises that Christmas greeting cards for soldiers overseas must be sent in sealed envelopes and prepaid at the first-class rate.

No requests from the addressees are required in connection with Christmas parcels mailed to Army personnel during this period only. Patrons should endorse each gift parcel "Christmas Parcel." Special effort will be made to effect delivery of all Christmas parcels mailed during that period in time for Christmas.

In view of the urgent need for shipping space to transport materials directly essential to the war effort, Christmas parcels shall not exceed the present limits of five pounds in weight or 15 inches in length or 36 inches in length and girth combined. Not more than one Christmas parcel or package shall be accepted for mailing in any one week when sent by or on behalf of the same person or concern to or for the same addressee.

Owing to the great distance this mail must be transported and the handling and any storage it must undergo, it is absolutely necessary that all articles be packed in boxes of metal, wood, solid fiberboard or strong double-faced fiberboard reinforced with strong gummed paper tape, or tied with strong twine or both. It is highly desirable that all fibreboard boxes be securely wrapped in heavy paper, if available, as experience has shown that boxes without an outer wrapper often become crushed or split, thus allowing the contents to escape. Furthermore, as each parcel is subject to censorship, delay in handling may be minimized by securing the covering of the parcel so as to permit ready inspection of the contents.

When combination packages are made up, including miscellaneous toilet articles, hard candies, soaps, etc., the contents should be tightly packed, in order that the several articles may not be loosened in transit, damaging the contents or the covering of the parcels.

Perishable matter will not be accepted and the sending of fragile articles is to be discouraged.

Intoxicants, inflammable materials, including matches of all kinds and lighter fluids and poisons, or compositions which may kill or injure another, or damage the mails, are unmailable.

Addresses must be legible, in typewriting or ink. Copies of sales slips of retail stores should not be used as address labels. The complete address should also be shown on a sheet of paper inside the parcel in order to permit identification of the addressee in the event the outer wrapper becomes torn, mutilated, or destroyed in transit. Parcels addressed to overseas Army personnel should show in addition to the name and address of the sender, the name, rank, Army serial number, branch of service, organization, APO number of the addressee, and the post office through which the parcels are to be routed.

Parcels for Navy personnel, including Marine Corps and Coast Guard should show, in addition to the name and address of the sender, the name, rank, or rating of the addressee and the Naval unit to which he is assigned with the Navy number assigned thereto, or name of the ship and Fleet post office through which the parcels are to be routed.

Mail for Coast Guard personnel should be addressed the same as other Naval personnel except that the words "U. S. Coast Guard" should be used in place of "U. S. Navy" after the man's name.

Postage must be fully prepaid, the rate on parcels of fourth-class matter (that is, parcels exceeding eight ounces) being the zone rate applicable from the post office where mailed to the post office in care of which the parcels are addressed. The third-class rate of 1½ cents for each two ounces applies to packages not exceeding eight ounces, except in the case of books, on which the rate is one cent for each two ounces. The third-class rate of 1½ cents for each two ounces or fraction thereof is also applicable to unsealed greeting cards, addressed to other than Army personnel, provided they bear no unpermissible written additions. It is suggested, however, that they be mailed as first-class matter since in that event they will be returned, if undeliverable, provided they bear a return card. Parcels containing only books conforming to the requirements prescribed therefor are acceptable at the special rate of three cents a pound, plus one cent on each parcel, the limit of weight being five pounds.

In addition to the name and address of the sender, which is required, inscriptions such as "Merry Christmas," "Please do not open until Christmas," "Happy New Year," "With best wishes," and the like, may be placed on the covering of the parcel in such manner as not to interfere with the address or on a card inclosed therewith. Books may bear simple dedicatory inscriptions not of a nature of personal correspondence. Stickers or labels resembling postage stamps are not permissible on the outside of parcels.

No matter addressed to members or the Army or other persons receiving mail through APO's overseas shall be accepted as insured or c.o.d. mail. Letters or packages containing money or other articles of value will be refused registration, but letters containing valuable or important papers may be registered. These restrictions do not apply to official shipments, shipments to military agencies overseas, or to mail from APO's.

Mail for personnel of the Navy, Marine Corps or Coast Guard may be accepted for registration or insurance if it conforms to existing requirements as to weight, size and other prescribed conditions, and mailers are advised to register or insure Christmas gifts of more than ordinary value addressed to personnel of the Navy, Marine Corps or Coast Guard.

Mr. Goldman recommends the use of domestic postal money orders to transmit gifts of money to members of the armed forces outside the continental United States. With reference to cash remittances, patrons are informed that at many places where such forces are stationed there is a local prohibition against the importation of U. S. money and it cannot be used if received. However, domestic postal money orders can be cashed at APOs wherever they are located, and they are paid in local foreign currency at the rate of exchange in effect on the date the orders are presented.

Christmas mail for members of the Merchant Marine should also be mailed between Sept. 15, 1944 and Oct. 15, 1944, if delivery by Dec. 25, 1944 is desired. Parcels for such persons cannot be registered or insured, and there is no money order service available to this branch of the service.

The only way to insure against disappointment for the fighting men is to buy at once and mail early—gifts should be mailed as soon as possible after the Sept. 15 starting date.

Death of C. H. Cooke Of Bank Of Hawaii

Clarence H. Cooke, Chairman of the Board of the Bank of Hawaii and President of the Cooke Trust Co., died on Aug. 23, it was announced in Associated Press advices from Honolulu, which also said:

He was 68 years old. Mr. Cooke's father founded the Bank of Hawaii, and other members of the family founded Castle & Cooke, a leading Hawaiian business concern. Mr. Cooke, who attended Yale University, also was a director or Vice-President of several sugar plantations and trust companies.

French 'Invasion Currency' Deflating, Not Inflating Prices, Says Morgenthau

On Aug. 24, Secretary of the Treasury Henry Morgenthau, Jr., made it plain that "invasion currency" does not threaten France with inflation; very much to the contrary, the prices in France have been steadily dropping since the invasion.

United Press Washington advices quote the Secretary as saying that "the American troops are only spending 10% of their pay in occupied France," and he continued by telling the press at his first such conference since he returned from Normandy that "the French, who were concerned that the arrival of American troops might cause inflation, are now complaining that they are not spending enough money."

He also added that "de Gaulle money," which "invasion currency" in France is now called, is preferred by most French nationals rather than Bank of France bills.

Agricultural Dept. Report On Crops As Of Aug. 1

The United States Department of Agriculture, at Washington, on Aug. 10, issued its general crop report as of Aug. 1, which we give in part below:

Although national prospects for corn, hay, potatoes and some other crops declined during July as a result of drought or near-drought conditions in a large east central area, growing conditions in most other areas were favorable and aggregate crop production in the United States now seems likely to exceed production last year by 2 or 3% and to exceed production in any previous year except 1942. Crop prospects are particularly favorable north and west of a line from Chicago to El Paso. As in 1930, the drought area this year centers in Kentucky and Tennessee, and in parts of those States conditions on Aug. 1 seemed fully as serious as at the same season in 1930, with early corn and gardens ruined, pastures brown and serious local shortages of feed and forage in prospect. Dry weather has also reduced or threatened late crops in a much larger area extending into the Eastern Corn Belt States, Missouri, Arkansas, parts of Texas, and the northern portions of the States from Louisiana to Georgia. Prior to the rains of early August drought was also affecting crops from Virginia northward to southern New England. The present drought, however, followed a period of wet weather and did not materially reduce the yields of small grains or early hay; and in most sections cotton, corn, soybeans, and tobacco could still make nearly full recovery. The drought is, therefore, causing heavy loss to many individual farmers, particularly some livestock producers, but has not yet materially affected crop prospects in the country as a whole.

Wheat was hurt by rust in Nebraska and by wet weather at harvest time in Kansas, but July weather was unusually favorable for spring wheat in Minnesota and North Dakota and the wheat crop is now estimated at 1,132,000,000 bushels which would be 12% above production in any past year. This year even the former "Dust Bowl" counties report wheat yields averaging nearly 19 bushels per acre and the United States average of 18.6 bushels per acre has been exceeded only once—in 1942. Corn prospects declined sharply during July in the eastern Corn Belt and in other areas pinched by drought; but in Kansas, Nebraska, and South Dakota corn is now expected to produce nearly twice the average yield per acre secured during the 1933-42 period, which includes the drought years. Total corn production is now estimated at 2,929,000,000 bushels which would be a large crop although it would be below production in 1943, 1942, 1932 and a few earlier seasons. Late-planted oats were reduced somewhat by drought in the Eastern Corn Belt and by rust in Nebraska and Kansas but these reductions were offset by favorable weather in Wisconsin, Minnesota and North Dakota. The crop is now estimated at 1,188,000,000 bushels, which would be close to the usual production excluding drought seasons.

The quantity of sorghums harvested for grain this season now seems likely to be about 147,000,000 bushels which would be a third more than in any past year. Adding together the expected crops of corn, oats, barley and grain sorghums the indicated production of these feed grains totals 112 million tons, somewhat below the production of 115 million tons last year and far below the record production of 123 million tons in 1942 but a total exceeded only once in earlier years.

Hay production is estimated at 97 million tons. This would be a large crop but it would provide a smaller supply per unit of livestock than has been available in any of the last six years and in much of the drought area local shortages and present prices will necessitate some adjustments in the number of cattle kept on individual farms. The reported condition of pastures dropped sharply during July in the drought area and in portions of surrounding States but continued high quite generally from southern Oklahoma and southern Iowa northward. Ranges are reported in somewhat below average condition in the Pacific Coast States and Arizona, about average in Texas and New Mexico, and much above average in other Western States.

Estimates for food crops include near-record production of rice, beans, dry peas, fruits, vegetables for processing, and truck crops for market but only moderate crops of potatoes and sweetpotatoes. The first cotton estimate of the season pointed to a high yield per acre as the dry weather held the boll weevil in check. Tobacco improved during July and the prospective crop of 1,613 million pounds is one-sixth above average. On Aug. 1, however, late tobacco needed rain in several important States.

Fruit crops made good progress during July and the aggregate tonnage of the eight major deciduous fruits in prospect for 1944 is now indicated at 3% greater than on July 1—21% greater than in 1943, 4% greater than in 1942 and 9% greater than the 10-year (1933-42) average production. Prospective commercial apple production increased 3% during July with prospects showing improvement in the major States of Washington, New York and Virginia. Peaches are the third largest crop of record with California Clingstones and Freestones both the largest crops since 1930. Grape production prospects improved in July and total tonnage is now indicated to be 8% less than in 1943 record crop but 15% greater than average. Pears are about an average crop.

Conditions on Aug. 1 were above average for oranges, grapefruit, lemons, and tangerines in all States. Present condition indicates an aggregate tonnage of citrus fruit from the bloom of 1944 as large or larger than the record 1943-44 production (from the bloom of 1943).

The total prospective fruit supply (citrus and deciduous combined) for the 1944-45 season is 10 to 15% greater than production for the 1943-44 season.

Truck Crops for Fresh Market

The prospective aggregate tonnage of commercial truck crops for the fresh market in 1944 remains at about the level indicated on July 1 — approximately one-fifth above that of 1943 and also one-fifth above the 1933-42 average. The total indicated tonnage showed little change from July 1 to Aug. 1, despite unfavorable weather in much of the eastern part of the country which reduced prospective supplies of a number of summer crops. It now appears that production of cabbage, celery, cucumbers, honeydew melons, lettuce, onions and watermelons, for the entire 1944 season, will exceed July 1 expectations by approximately the amount other crops were reduced. If present prospects are realized, the aggregate tonnage this year will exceed the 1942 record of just above 7 million tons by approximately 12%.

Weather during the last half of July was generally unfavorable for summer-season truck crops except in the Mountain States. In most commercial vegetable areas east of the Rockies and in Washington and Oregon on the Pacific Coast, the dryness of early July, which in some areas had reached drought proportions, was further intensified by continuous clear skies and high temperatures through the last half of the month. Precipitation was confined to local areas except in Illinois and Oklahoma where rains were general July 25-27. In contrast, conditions in the Mountain States were quite favorable, with warm weather accelerating growth of late crops. California weather was too cool for normal development and crops were further delayed.

Truck Crops for Commercial Processing

On Aug. 1 the indicated total tonnage of four important processing crops—green peas, snap beans, sweet corn, and tomatoes — exceeded the aggregate production of these crops in 1943 by 13%. Last year, these four crops constituted almost 90% of the total production of 11 vegetables for which estimates are made.

A production of 3,209,100 tons of tomatoes for processing is indicated by reports received from canners and manufacturers of tomato products. This tonnage exceeds the 1943 estimated production of 2,659,100 tons by about 21%. The Aug. 1 indicated production of sweet corn for processing is 1,221,200 tons.

Production prospects for snap beans were less favorable on Aug. 1 than they were on July 1 and 258,800 tons were forecast. This is 6% less tonnage than was expected 30 days earlier in the season—but it still comes close to the record-high 1943 production of 261,900 tons. The last indicated 1944 production on green peas for processing, based on July 15 conditions, is 402,940 tons. This comes within 2% of the 1943 production of 410,670 tons.

Hot, dry weather in sections of the United States where cucumbers are an important crop for pickling purposes has been unfavorable for the growth and development this year. But green lima beans for canning and freezing, beets for canning, and cabbage for kraut escaped serious injury in July and the Aug. 1 conditions of these crops were somewhat better than in 1943 on the corresponding date.

Corn

Despite a slight decline in yield prospects during July, one of the larger corn crops was still in prospect on Aug. 1. Production is indicated at 2,929,117,000 bushels, a decline of 51 million bushels or 2% from the July forecast. If realized, this crop would be 147 million bushels or about 5% below the large 1943 crop, and 202 million or 6% below the record 1942 production. With the exception of these two years and 1932, which is closely approximated, this would be the largest corn crop since 1920. The average yield of 30.0 bushels per harvested acre, compares with 30.6 indicated July 1 this year, 32.5 in 1943, and the average of 25.8 bushels.

In a droughty area extending from portions of Ohio River Valley States in a southwesterly direction across Kentucky, Tennessee, and Arkansas, parts of Missouri, Georgia, Alabama, Mississippi, and Louisiana into east Texas, serious deterioration of corn prospects occurred during July. Also in a smaller coastal area from Massachusetts to Virginia lower yields are in prospect than a month earlier. In sections adjacent to the chief drought area and in southern Minnesota and much of Iowa, prospects were poor to fair, but improving as the result of more favorable weather in late July. In most other sections prospects were good to excellent.

Planted under difficulties of weather and flood, and with varying degrees of delay, the 1944 corn crop has continued to show a wide range in progress, with much of the acreage late. This late planted acreage has not overcome the handicap of its late start and will need at least a normal growing season to reach maturity; an early frost remains a distinct threat. Even in the South the acreage of late corn is greater than usual. Inasmuch as the droughty situation developed at different times in various States the corn situation varies, but for the most part the late corn in the South has made improvement with recent rains. Stands are mostly good and fields have been fairly well cultivated.

Corn Belt prospects, as a whole, changed very little during July. Improvement in Iowa, South Dakota, Nebraska, and Kansas more than offset deterioration because of the unfavorable conditions in Ohio, Indiana, and Illinois. Prospects in Wisconsin, Minnesota, and Missouri showed no change. With normal conditions in the next few weeks the prospect in west North Central States seems likely to be maintained, for there is a good reserve of subsoil moisture. The eastern portion must have good rains to check further deterioration. Insects, including chinch bugs, wire worms, and corn borers, must be reckoned with there also. Stands are uneven in height, but mostly below average. Small portions of the acreage have been cut for forage to supplement dry pastures. All these factors have been considered in the current estimates.

Corn made good progress in most of the North Atlantic region, with the exception of the dry coastal portions of New England, New Jersey and eastern Pennsylvania. Yield prospects improved in New York and western Pennsylvania. Sharp deterioration of corn has resulted from hot, dry weather in central east coast States. In contrast, the situation in the Carolinas and southward improved and with it yield prospects improved or remained unchanged. In South Central States there was sharp deterioration, owing to the droughty condition prevailing through most of July and more rain will be needed in August to maintain prospects even at the present poor level. The exception in this area is found in most of Oklahoma and North Texas, where prospects improved in July.

Improvement occurred in most Western States, though the small Washington and Oregon acreages are not as promising as either a month ago or last year. Irrigated fields are amply supplied with water. The greatest improvement in the West was in Colorado which has more than half the acreage of the region.

Wheat

The indicated production of *all wheat* as of Aug. 1 is 1,132,105,000 bushels, maintaining this year's crop as the largest United States wheat crop on record. The decline from July 1 in winter wheat production is a little more than offset by the increase in spring wheat—netting an increase in all wheat of 4 million bushels. The record 1944 production is 35% above last year's crop of 836,298,000 bushels, and 49% above the 10-year average of 760 million bushels.

Winter Wheat production based on Aug. 1 conditions and harvesting returns is indicated at 786,124,000 bushels, the second highest of record and nearly 50% above last year. During July black stem rust appeared in the central to northern Great Plains States, and spread rapidly, favored by the dense growth of wheat, ample moisture and high temperatures. Winter wheat prospects were lowered in Nebraska, South Dakota, Colorado and Wyoming. Harvesting has been completed in Texas and most of Oklahoma and was too far advanced in Kansas for the rust to cause much damage. Rains delayed harvesting and caused some lodging in western Kansas and parts of Colorado and to some extent in the Panhandle sections of Texas and Oklahoma. In Minnesota winter wheat was too far advanced when stem rust developed for it to cause much damage, and its northward spread had not reached Montana wheat fields until after the crop was harvested. Even though there was a long lack of rain in July in the Washington, Oregon, Idaho area, winter wheat yields held up well because of the earlier rains and the general advancement of the crop.

The yield per acre of winter wheat, indicated at 18.8 bushels, is a near record, having been exceeded only by the 19.7 bushels in 1942 and 19.0 bushels in 1931. Yields by States were equal to or above last year except in Nebraska, Colorado, Iowa, and Minnesota.

All Spring wheat on Aug. 1 was indicated at 345,981,000 bushels, compared with 334,736,000 bushels a month earlier, 306,692,000 bushels in 1943 and the 1933-42 average of 189,524,000 bushels. In the main spring wheat area comprising the Dakotas, Minnesota, Montana, and Washington, which will produce about 95% of all spring wheat in 1944, the weather has continued favorable, although it now appears that yields will not equal those of 1943. The increase in 1944 production compared with 1943 is due to a larger planted acreage.

Durum wheat production is indicated at 36,690,000 bushels on Aug. 1, compared with 36,051,000 bushels on July 1 with 36,204,000 bushels in 1943 and the average of 27,413,000 bushels. An average yield per harvested acre of 16.5 bushels for durum wheat was indicated on Aug. 1, compared with 16.3 bushels a month earlier, 17.0 bushels for the 1943 crop and the average of 11.2 bushels. Yields of durum wheat improved during July in Minnesota and North Dakota but declined slightly in South Dakota due mainly to July damage from rust.

Other spring wheat production on Aug. 1 was indicated at 309,291,000 bushels, compared with 298,685,000 bushels a month ago, 270,488,000 bushels in 1943 and the average of 162,112,000 bushels. For other spring wheat the Aug. 1 indicated yield of 18.4 bushels compares with 17.8 bushels on July 1, with 18.7 bushels for 1943, and the average of 12.4 bushels.

Harvest of spring wheat in the Eastern, Southern, and Central producing States was mostly completed by Aug. 1, but there was still a considerably large acreage left to be harvested in the important producing Northern Great Plains, and Northern Rocky Mountain States. Spring wheat has not suffered any material damage from rust, but it is too early to judge whether or not some late acreage in the northern sections of the spring wheat area will become infected.

Wheat production by classes shows the greatest increase over last year to be in hard red winter wheat of which the indicated production is 486 million bushels. Soft red winter is next in gain over last year, with production estimated at 233 million bushels. Hard red spring at 271 million bushels shows the most increase over last month of any class; hard red winter declined, while other classes made little change from a month ago.

Oats

Prospects for oats increased slightly during July. Oats production in 1944 is now estimated at 1,187,809,000 bushels, about 4% more than the 1943 crop of 1,143,867,000 bushels and 16% more than the 10-year (1933-42) average production. Hot, dry weather during July in an area extending south and west from Ohio and Kentucky did not give the relatively late planted 1944 oats crop, much of which was planted ten days to three weeks later than usual, an opportunity to mature properly. Reduced yields from July 1 prospects in this area were offset by favorable conditions in most of the spring wheat area. In Nebraska and to a lesser extent in neighboring States, yields of oats were seriously reduced by black stem rust. While 1944 yields of oats for the country as a whole do not differ significantly from yields obtained in 1943, the acreage is 3% greater. Larger crops than harvested last year are indicated for much of the deficit feed area of the east. These increases are counterbalanced by important decreases in the States of Iowa, Missouri, Nebraska, and Kansas.

Barley

Based on Aug. 1 conditions the indicated 1944 production of barley is 293,703,000 bushels. This is 9% below the 1943 crop of 322,187,000 bushels but 15% more than the 1933-42 average of 256,350,000 bushels. The indicated yield per acre on Aug. 1 is 23.2 bushels per acre, representing a drop of 0.6 bushels since July 1 of this year. However, the Aug. 1 yield is almost 1½ bushels above last year and 1½ bushels above average.

The progress of the crop varied considerably during July with some of the important States, notably Minnesota and South Dakota, showing Aug. 1 yields 5 and 4.5 bushels, respectively, below those indicated a month ago. Rusts of various kinds, blight, root-rot and scab took a heavy toll in most of South Dakota and parts of Minnesota. On the other hand yield prospects in North Dakota, the leading producing State, improved about 1 bushels per acre from July to Aug. 1. Disease was present in North Dakota but the crop matured before substantial damage occurred. Prospects also improved during July in Kansas, Colorado, and California. In the Western States some improvement during July is evident, but in most of the other producing States Aug. 1 yield prospects are below July 1.

Rye

Rye crop prospects declined during July. The Aug. 1 estimate indicates a crop of 27,565,000 bushels this year, which compares with the July 1 estimate of 29,362,000 bushels. The crop in prospect is about 10% below 1943 production and 32% below the ten-year (1933-42) production.

Harvest is practically completed in all producing States and the yield per acre is estimated at 11.9 bushels, which compares with 12.6 bushels indicated on July 1 and 11.7 bushels, the ten-year average. The decrease from last month occurred in the North Central States and was mainly due to unfavorable weather, particularly at harvest time. Yields in other sections of the country showed a slight improvement over the July 1 estimate, but not enough to offset the decrease in the North Central section, which has about 70% of the country's 1944 rye acreage.

South Dakota, which has 17% of the rye acreage, showed a drop in yield per acre from 14.0 bushels on July 1 to 11.5 bushels on Aug. 1.

Potatoes

The prospective potato crop was reduced about 14,000,000 bushels in July by hot, dry weather that prevailed in eastern and middle western areas and by leaf hopper injury in local areas west of the Mississippi River. Total prospective production is now placed at 385,295,000 bushels, compared with 464,656,000 bushels in 1943 and the ten-year (1933-42) average of 362,912,000 bushels. The indicated yield per acre is 127.9 bushels, compared with 139.9 bushels in 1943 and the ten-year average of 120.1 bushels.

In the 30 late-crop States, yield prospects are somewhat variable but are above average in all except New York, Pennsylvania, West Virginia, Ohio, Indiana, Illinois, and Iowa. Production in the 30 late States is indicated to be 308,724,000 bushels, compared with 363,543,000 bushels in 1943 and the ten-year average of 288,276,000 bushels. Prospects in this group declined about 9,000,000 bushels during July. Damage in the late States was most severe on the earlier acreage from which shipments usually begin in late July or in August. Yields were curtailed drastically on Long Island, in local areas of the mid-western States and in the commercial early areas of Nebraska. These losses were partially offset by increases in Maine, Idaho, Wyoming, Utah, Nevada, California and Arizona. The present outlook in Aroostook County, Maine, is for an above-average yield per acre. The Aroostook crop received adequate rains in late July and present conditions are favorable for growth. The crop in most of the 18 surplus late States is making good progress, although some of the acreage was planted later than usual and will require good growing weather until October to produce good yields.

In the seven intermediate States the crop is very light. Adverse growing conditions have prevailed in this group most of the season and yield per acre is 27% below average. Hot, dry weather caused a further loss of nearly 5,000,000 bushels during July and production for the seven States is now indicated to be only 22,392,000 bushels, compared with 34,774,000 bushels in 1943 and the ten-year average of 31,444,000 bushels. New Jersey, Virginia and Kentucky had the most severe losses during July.

In the early States, where harvesting of the early commercial crop is virtually complete, total production prospects for the group are about the same as on July 1. Decreases in Georgia and Tennessee were about offset by increases in North Carolina and Texas. Production in the early States is placed at 54,179,000 bushels, compared with 66,339,000 bushels in 1943 and the ten-year average of 43,191,000 bushels.

September Petroleum Output Set At New High

Harold L. Ickes, Petroleum Adminsitrator for War, on Aug. 20 announced that a production rate of 5,051,300 barrels daily of all petroleum liquids had been certified to the various oil-producing States for September, 1944. This is the first time in the history of the petroleum industry that a production rate of all petroleum liquids in excess of 5,000,000 barrels daily has been certified. The September certified figure represents a net increase of 105,900 barrels daily over the rate certified for August production.

Administrator Ickes said that the rate authorized for the Eastern States has been increased slightly—from 68,400 barrels daily in August to 71,300 barrels a day in September. In the Midwestern States the September rate calls for 976,400 barrels daily, a net increase of 11,600 barrels daily, attributable to recently discovered reserves in Kentucky and Oklahoma.

The authorized rate for the Rocky Mountain States remains practically unchanged, but California's production rate is increased to 936,700 barrels a day, 19,600 barrels daily more than that for August, the greater share of the increase to come from developed reserves.

The authorized rate for the Southwestern States is 2,931,400 barrels a day, an increase of 71,400 barrels daily, of which Texas will account for 66,000 barrels daily.

Commenting on the increased rates certified for California and Texas, Ralph K. Davies, Deputy Petroleum Administrator, said:

"The urgency of military requirements has made it necessary to certify, as a matter of war necessity, a rate of production for California and Texas during September, which, in the technical opinion of the Petroleum Administration for War, may well result in exceeding the maximum efficient rates of production for some fields in those States.

"In view of the fact that military demands still are higher than had previously been expected and that domestic production has reached peak efficient levels, it is imperative that civilian consumption be maintained at the absolute minimum required to carry on essential civilian activities at maximum efficiency, for the petroleum requirements of the armed forces must and shall be met."

Romania Breaks With Nazis; Joins With Allies

King Michael of Romania in a broadcast announced on Aug. 23 that Romania was switching from the Axis to the Allied side of the war, according to Associated Press dispatches from London on Aug. 24, which also had the following to say regarding the unconditional surrender of Romania.

Acceptance of armistice terms offered by the Soviet Union, Great Britain and the United States was announced in a proclamation broadcast from Bucharest.

The early morning broadcast Russian communique told of clashes on Romanian soil between the Romanians, ordered by King Michael to cease hostilities against the Red Army, and the Germans. Romanian prisoners were quoted as saying that the Germans were firing on the Romanians and blocking their withdrawal.

"A large number of Romanian officers and men have thus been killed," said the communique, "in armed clashes between the retreating Romanian detachments and German frontier detachments in several places."

A proclamation by 22-year-old King Michael, read over the Bucharest radio, said all hostilities against the Red Army, as well as Romania's state of war with Britain and America, would cease "from this moment." Russian armies were stabbing into Romania to within 167 miles of Bucharest and threatening the Ploesti oil fields as the announcement went on the air.

The text of the King's proclamation, as recorded by the British Ministry of Information, follows:

"Romanians! In the difficult hour of our country I have decided for the salvation of the fatherland on immediate cessation of hostilities with the United Nations, and I call upon the government of the national union to fulfill the determined will of the country, to conclude peace with the United Nations.

"Romania has accepted armistice terms offered by the Soviet Union, Great Britain and the United States.

"From this moment all hostilities against Soviet armies and the state of war with Great Britain and the United States will cease.

"The United Nations have guaranteed the independence of Romania.

"Any one who opposes the decision we have taken and who takes justice in his own hands is an enemy of our nation. I order the army and the whole nation to fight with all means and at the cost of any sacrifice against him.

"All Romanians must rally around the throne and the government; he who does not assist the government and resists the will of the nation is a traitor to the country.

"The United Nations have recognized the injustice of the dictate of Vienna under which Transylvania was torn from us.

"At the side of the Allied army and with their help we will cross the frontiers unjustly imposed upon us at Vienna."

Romania, with a population of approximately 13,000,000, joined the Axis in November, 1940, and followed Germany into war against Russia on June 22, 1941. Six months later she entered a state of war with the United States and Britain.

Her collaboration with Germany—and the contribution of hundreds of thousands of troops in the fight against Russia — was done under the hand of a dictator, Marshal Ion Antonescu.

His fate is now undisclosed, but his government passed into the hands of a new premier, Konstantin Sanatescu. The Bucharest radio said the Foreign Minister of the new cabinet was Grigore Niculescu-Buzesti and that cabinet posts had been given to George Bratianu and Juliu Maniu, veteran leader of the Peasant party.

The new Premier issued a proclamation declaring, "The dictatorial regime hitherto, by permanently violating the will of the country, has by its policy endangered Romania's existence. Today the dictatorship has been cast aside. The people reenter into their own rights. The regime which we shall follow will be a democratic one in which public freedom and the rights of citizens will be guaranteed and respected. . . .

"Our withdrawal from the war fought at the side of the tripartite (Axis) powers and the cessation of hostilities against the Soviet Union are definitely intended tc prevent certain and true national catastrophe. From today onward, Romania considers the United Nations as friendly nations . . . henceforth we mean to be masters of our destiny."

OPA Review Board For Maximum Price & Rent

Price Administrator Chester Bowles announced on Aug. 28 details of the creation of boards of review in the Office of Price Administration that will consider protests to maximum price and rent regulations and orders and make recommendations to him concerning the protests.

Establishment of these boards of review is required under the Stabilization Extension Act, which provides that a person filing a protest after Sept. 1, 1944, may have his objections considered by such a board before denial of the protest in whole or in part.

In announcing the methods by which these boards will be set up and will operate, Mr. Bowles said:

"When a protestant requests it, these new boards will fully consider all information presented and will also hear oral arguments supporting the protest where that is requested. I believe that this will help us in handling protests and will assure that our final decisions will be based on thorough knowledge of all the facts."

Details of the board's appointment and procedure in handling protests are contained in amendments to Revised Procedural Regulations Nos. 1 and 3, which regulate the protest procedure in price and rent matters, respectively.

Important points covered by the amendments include these:

1. The personnel of the boards will be appointed in individual cases from the officers and employees of OPA and the protestant will be informed of the member or members to consider his protest. Where more than one person is appointed on a board, one member will ordinarily be a person who is directly responsible for the formulation or administration of the regulation or order being protested.

2. The scope and complexity of each case will determine the number of members to compose each board.

3. Consideration by the board will take place after the protestant has submitted his full case and after all material in support of the regulation has been received.

4. If he chooses, the protestant may make oral argument before the board on the basis of this material.

5. The protestant may request oral hearing either in Washington, D. C., or at some other location more convenient to him. Hearings by a board consisting of more than one person will ordinarily be in Washington, D. C. Hearings at some other location will ordinarily be before a subcommittee consisting of one member of the board. The protestant is to be notified of all details in this connection in ample time to allow him to present his argument.

6. If a protestant desires that his protest be considered by a board, he is required to make a request for board action either at the time he files his protest or at any time no later than 15 days after the protest is filed.

7. After the board has considered the protest, it will submit its recommendations to Mr. Bowles. These recommendations will be furnished to the protestant at the time he receives the final opinion in the case. If any recommendation of the board is rejected, the final opinion will state in full the reasons for rejection.

Except for the fact that a formal objection may now be considered by a board of review, the general procedure for making protests remains the same as it has been since the Price Control Act was enacted in January, 1942, provided that protests could be made as a means of expressing formal objection to maximum price and rent regulations and orders.

A person who wishes to secure judicial review of a regulation or order in the Emergency Court of Appeals must ordinarily first file his protest with OPA. If the protest is denied in whole or in part, the protestant may then obtain judicial review of the validity of the regulation in this court.

(Amendment No. 9 to Revised Procedural Regulation No. 1—Procedure for the Issuance, Adjustment, Amendment, Protest and Interpretation of Maximum Price Regulations — effective Sept. 1, 1944; and Amendment No. 9 to Revised Procedural Regulation No. 3 — Procedure for Adjustments, Amendments, Protests and Interpretations under Rent Regulations—effective Sept. 1, 1944.)

War Housing Now Totals Over 1¾ Million Units

John B. Blandford, Jr., the Administrator of the National Housing Agency, announced on Aug. 12 that war housing—completed or under construction since the summer of 1940—now totals over 1¾ million units, which will house approximately 5,600,000 members of war workers' families. He further said:

"Total completions," he said, "now amount to 1,627,290 units, of which 889,625 accommodations have been done through private financing and 737,665 completed by public financing. All but a few of the privately financed units are of the family type, while the publicly financed accommodations comprise 522,490 for families, 160,430 dormitory units and 54,745 stop-gap units, which include both trailers and portable shelter units.

"Units under construction with private financing amount to 72,840. An additional 71,306 were scheduled to get under way as of June 30, of which 57,334 are new and 13,972 are by conversion of existing structures. On the same date, 54,028 public units of varied types were under construction and 15,995 more were to be started, of which 6,356 will be new units, 3,161 stop-gap shelter accommodations and 6,478 will be by conversion."

Mr. Blandford also stated that practically all publicly financed housing now under construction is for temporary use and will be abandoned and torn down after the war, while most private building is used for permanent, normal housing needs, and 90% of this is financed by FHA-insured mortgages.

The State Of Trade

(Continued from page 962)

than 89 millions and more than 150 millions in 1941.

Increased taxes, labor and material costs accounted for the decline, according to the magazine.

July Alloy Steel Output—Production of alloy steels during July totaled 854,321 tons, about 11% of total steel production during that month, the American Iron and Steel Institute revealed. In June, 865,967 tons of alloy steel were produced. In July a year ago output touched 1,066,053 tons. Open hearth furnaces produced 572,324 tons of alloy steel in July, with the remaining 281,997 tons of the metal turned out chiefly by electric furnaces.

July Pig Iron Output—Ferromanganese and spiegel in July totaled 5,156,814 net tons compared with 5,056,627 net tons in June and 5,022,745 net tons in July, one year ago, the American Iron & Steel Institute disclosed. For the seven months ended with July output touched 36,638,434 net tons compared with 35,366,188 net tons in the same period of 1943.

Pig iron alone in July was 5,094,149 net tons, compared with 5,007,926 net tons in June and 4,972,334 net tons in July of last year. In the seven months, production reached 36,239,278 net tons, against 34,972,244 net tons in the same period a year previous.

Copper—The copper content of manufactured products shipped during July amounted to 118,862 tons, a falling off of 30,986 tons from June shipments, and the lowest monthly figure to be reported since June, 1942, when the total was 117,387 tons. The sharp decline was attributed by the trade to the one week general vacation and inventory-taking period last month. This situation, it is understood, was also reflected in the tonnage of new copper received by fabricators from producers during July, which totaled 122,143 tons against 141,166 tons in June. Working stocks and unfilled orders varied little, with the combined total placed at 639,838 tons at the close of July compared with 635,878 tons for June. Against such needs, consumers had on order with producers and in stock at their plants a total of 413,235 tons at the end of July, indicating an apparent shortage of 226,603 tons. July's new business amounted to 123,479 tons as against 132,997 tons for June.

Brass Mill Output—In the first six months of 1944 brass mill production totaled 2,683,806,000 pounds as compared to 2,820,887,000 pounds in the same period of 1943, the WPB reported last week. Output of alloyed products amounted to 2,486,921,000 pounds in the first half of 1944, while unalloyed production accounted for 196,885,000 pounds, both showing decreases from last year.

Electric Production — The Edison Electric Institute reports that the output of electricity increased to approximately 4,451,076,000 kwh. in the week ended Aug. 19 from 4,415,368,000 kwh. in the preceding week. The latest figures represent a gain of 4.4% over one year ago, when output reached 4,264,824.000 kwh.

Consolidated Edison Co. of New York reports system output of 171,000,000 kilowatt-hours in the week ended Aug. 20, 1944, and compares with 191,400,000 kilowatt-hours for the corresponding week of 1943, or a decrease of 10.7%.

Local distribution of electricity amounted to 159,700,000 kilowatt-hours, compared with 189,100,000 kilowatt-hours for the corresponding week of last year, a decrease of 15.6%.

R. R. Freight Loadings — Carloadings of revenue freight for the week ended Aug. 19 totaled 887.446 cars, the Association of American Railroads announced. This was a decrease of 8,726 cars, or 1% below the preceding week this year, and a decrease of 3,894 cars, or 0.4% below the corresponding week of 1943. Compared with a similar period in 1942, an increase of 18,012 cars, or 2.1%, is shown.

Post-War R. R. Passenger Traffic Prospects—The profitable passenger traffic now being enjoyed by the railroads has caused the carriers to seek ways and means of holding a fair portion of this increased business in the post-war period, states the "World-Telegram." The plans in mind to maintain a high passenger traffic volume range from a cut in rates to faster trains and ultramodern equipment. Parlor cars will give way as more and more de luxe day coaches are put in service, supplemented with club and lounging cars now available only to Pullman travellers. Some roads will emphasize speed as an inducement, but on others comfort will not be sacrificed to cut travel time.

One railroad spokesman's approach to the problem was to "operate trains at full seating capacity by making both rates and appointments attractive, and those trains can be operated on a profitable basis." Some fear is expressed over competition from airlines which will work toward forcing rail rates down, but the railroad spokesman referred to felt that with improved service the carriers can create sufficient traffic volume to offset the lower rates and still make a good profit on that part of their business.

Freight Car Orders—Expansion of freight car orders of leading builders took place recently with the placement of Army contracts for approximately 24,660 cars for overseas delivery in 1945. Original Army schedules, it is understood, called for 35,000 units for the 1945 car building program, states the "Wall Street Journal." No official figures, the report adds, were available on the number of cars allotted to each builder. It was further understood that the freight cars are of various types and unit prices range from about $1,300 to almost $3,800. Orders in the amount of 1,700 new freight cars were also placed by the Baltimore & Ohio Railroad, the purchase involving an expenditure of approximately $5,250,000.

In connection with new rail equipment, the Association of American Railroads pointed out that in the first seven months of 1944 the railroads installed in service 18,774 new freight cars and 579 new locomotives. The volume of freight traffic handled by the carriers in the first six months of 1944, the same source reports, was the largest for any corresponding period on record, representing an increase of 5.4% compared with the first half of 1943.

Coal Production—The U. S. Bureau of Mines reports production of Pennsylvania anthracite for week ending Aug. 19, 1944, at 1,169,000 tons, a decrease of 70,000 tons (5.7%) under the preceding week, and a decrease of 90,000 tons (7.1%) from the corresponding week of 1943. The 1944 calendar year to date shows an increase of 6.7% when compared with the corresponding period of 1943.

The report of the Solid Fuels Administration placed bituminous production for the week ended Aug. 19 at 11,875,000 net tons, against 12,200,000 (revised figure) tons in the preceding week and 12,112,000 tons in the corresponding week of last year, while output for Jan. 1 to Aug. 19 totaled 400,895,000 (revised figure) tons, as against 372,423,000 tons in the same 1943 period, or a gain of 7.6%.

Estimated production of beehive coke in the United States for the week ended Aug. 19, 1944, as reported by the same source, shows an increase of 10,600 tons when compared with the output for the week ended Aug. 12, last, but a decline of 30,700 tons for the corresponding week of 1943.

Coal Shortage—The shortage of high-grade Appalachian coals, suitable for making coke and byproducts, has grown so acute that the SFA will begin immediately diverting 1,680,000 tons of the fuel to steel plants from industrial plants using it for generating steam, the Acting Secretary of the Interior announced last Friday.

Diversions forcing many industries to turn to "strip-mined" or lower quality "deep-mined" coals, are to be made at a rate of about 420,000 tons a month during the next four months.

"This drastic step must be taken in order to protect wartime steel production," the Acting Secretary said. "The coal is urgently needed to build back up to safe levels depleted stockpiles of coal at coke and by-product plants."

Some steel plants now have but a few days' supply of by-product coals in their storage piles, and the average of 30 plants whose stocks must be increased is approximately 15 days' supply. The diversions are to build stockpiles back up to an average of 30 days' supply, which the Solid Fuels Administration considers the minimum level of safety in time of war.

The Solid Fuels Administration held that production capacity of the "stripping" mines and of deep mines in the Appalachian region and in Indiana and Illinois producing ordinary steam coals, would be sufficient to supply fuel to the industries deprived of the by-product coals.

Silver—No price change is noted in the former quotation of 23½d. per ounce standard for both cash and 2 months' delivery. During the second quarter of the year the London market presented no new features. Buying for essential war industries continued steadily throughout the period and the bulk of the supplies was again provided from official stocks. However, from time to time, a little silver became available from production sources.

One feature of the week's news with respect to silver was the proposal by Mexico's Finance Secretary Suarez that a silver stabilization conference be held among producers and consumers in the United States, Mexico and other interested nations. One of the principal objectives of the conference, if held, would be to ease the restrictions on the sale of silver by the United States under the Silver Purchase Act.

The London market for silver was unchanged at 23½d. The New York official for foreign silver continued at 44¾¢, with domestic silver at 70⅝¢.

Crude Oil Production — Daily average gross crude oil production for the week ended Aug. 19, as estimated by the American Petroleum Institute, was 4,675,100 barrels, establishing a new high record. This was 7,800 barrels a day in excess of the previous peak reached for the week ended Aug. 12, 1944, and exceeded the corresponding week of 1943 by 456,750 barrels a day. The current figure was also 18,800 barrels above the daily average figure recommended by the Petroleum Administration for War for the month of August, 1944. For the four weeks ended Aug. 19 daily output averaged 4,650,400 barrels.

Reports from refining companies indicate that the industry as a whole ran to stills (on a Bureau of Mines basis) approximately 4,694.000 barrels of crude oil daily and produced 13,757,000 barrels of gasoline. Kerosene output totaled 1,487,000 barrels with distillate fuel oil placed at 4,819,000 barrels and residual fuel oil at 9,136,000 barrels during the week ending Aug. 19, 1944. Storage supplies at the week-end totaled 81,850,000 barrels of gasoline; 12,816,000 barrels of kerosene; 40,308,000 barrels of distillate fuel, and 58,737,000 barrels of residual fuel oil. The above figures apply to the country as a whole, and do not reflect conditions on the East Coast.

Crude Oil Stocks — Stocks of domestic and foreign crude petroleum at the close of the week ended Aug. 19, totaled 223,040,000 barrels, the Bureau of Mines reports. Compared with the total of 223,597,000 barrels for the preceding week, this represents a decrease of 557,000 barrels, comprising a decrease of 440,000 barrels in stocks of domestic crude and a decrease of 117,000 barrels in stocks of foreign crude. Heavy crude-oil stocks in California, not included in the gasoline-bearing stocks, totaled 6,418,000 barrels, an increase of 4,000 barrels.

Current reports of the industry for the week ended Aug. 19 indicate an increase in crude-oil production and a large increase in crude runs. The API places daily average output at 4,675,000 barrels, or 8,000 barrels above the preceding week. Daily average crude runs to stills of 4,694,000 barrels were 134,000 barrels above the level of the previous week and 600,000 barrels above the week ended Aug. 21, 1943.

Lumber Production—Estimated lumber production in June declined to 3,047,692,000 board feet, or a decrease of 2% from June, last year, the WPB discloses. The month's output was greater by 4.4% than that of May, 1944, but states the WPB, the increase reflects a lower May production rather than an improvement in the lumber situation.

For the first six months of 1944 output totaled 16,354,317,000 board feet, 1.3% less than for the first half of 1943. Softwoods accounted for 2,381,249,000 board feet, an increase of 3.4% over the previous month, but a decline of 4.7% from that of June, 1943. Hardwoods accounted for 666,443,000 board feet of June, 1944, production, being 8.4% above that of May, last, and 9.2% more than that produced in June, 1943.

Lumber Shipments — The National Lumber Manufacturers Association reports that lumber shipments of 503 reporting mills were 9.7% below production for the week ended Aug. 19, but new orders of these mills were 0.6% above production for the same period, while unfilled order files amounted to 106.6% of stocks. For reporting softwood mills, unfilled orders are equivalent to 38 days' production at the current rate, and gross stocks are equivalent to 34 days' production. For 1944 to date shipments of reporting identical mills exceeded production by 4.2% and orders ran 6.5% above output.

Compared to the average corresponding week of 1935-39, production of reporting mills was 18.5% greater; shipments, 16.9% greater, and orders, 26.1% greater.

Business Failures — Business failures in the United States advanced for the period ended Aug. 17 to 19 from 16 in the previous week and compared with 54 in the corresponding week of 1943, Dun & Bradstreet reports. Concerns failing with liabilities of $5,000 or more numbered 14, compared to 9 in the previous week and 25 one year ago. There were no Canadian failures this week, compared with two in the preceding week and three a year ago.

Department and Retail Store Sales—Department store sales on a country-wide basis, as taken from the Federal Reserve Board's index were 1% ahead of a year ago for the week ending Aug. 19. For the four weeks ending Aug. 19, 1944, sales increased by 7%. A 7% increase in department store sales for the year to Aug. 19, 1944, over 1943 was also noted.

Consumer interest both in wholesale and retail trade on a country-wide basis last week increased, according to Dun & Bradstreet. Retail sales in fall ready-to-wear in men's, women's and children's departments, reflected exceptional progress with total volume registering a seasonal gain over the previous week. Re-orders continued heavy in wholesale markets and maintained volume at the same level as the preceding week. Purchases in ready-to-wear for school purposes were responsible in large part for the increase in retail trade, the agency said. Aside from the foregoing, there were not many changes in the sales leaders as main floor departments held their previous popularity.

Consumer response was immediate in most new merchandise with interest focused on quality merchandise and purchasers undaunted by high prices.

In the school and college line, clothes received the greatest promotional backing last week, said the review, with shirts, sweaters, blouses and dresses enjoying a good reception. Buying was heavier than the previous week and expectations promising to exceed the like 1943 period. Coat stocks were reported in good shape and sales heavier in the higher-priced brackets bearing out reports of good demand for quality merchandise. Men's clothing sales were about equal to 1943 as shoes of all kinds sold well causing a considerable reduction in popular sizes.

Furniture sales were steady and about on a par with previous weeks and ran a little ahead of 1943. Food volume too, ran about 5% over the same period in 1943.

A large backlog or orders in many lines for fall delivery were noted in the wholesale trade, the agency reports. Reports on deliveries varied, but apparel lines noted improvement and shipments were generally described as good.

In lines such as textiles, furniture, appliances and industrial supplies, markets were spotty as the supply problem remained the contributing factor.

The above source estimates a gain of 3% to 7% for the week in retail sales throughout the country over the same week in 1943. Regional increases were: New England, 1 to 3%; East, 2 to 4%; Middle West, 3 to 6%; Northwest, 5 to 7%; South, 8 to 10%; Southwest, 9 to 11%, and the Pacific Coast, 6 to 9%.

According to Federal Reserve Bank's index, department store sales in New York City for the weekly period to Aug. 19, decreased by 8% over the same period of last year. For the four weeks ending Aug. 19 sales rose by 4%, and for the year to Aug. 19 they improve by 8%.

The cooler weather enjoyed here in New York the past week gave impetus to retail trade. Department stores generally, the New York "Times" reports, had gains over a year ago as consumer interest in fall and school-opening merchandise increased. Estimates placed volume at 5 to 10% above 1943. Selectivity again ruled the wholesale markets influenced by events abroad portending an early end of the European conflict. As regards fall merchandise, merchants are still confronted with light delivery situations.

Wholesale Commodity Index—A sharp reaction in agricultural commodity markets, particularly fresh fruits, vegetables and livestock, worked to force down by 0.4%, the Bureau of Labor Statistics' index of commodity prices in primary markets in the week ended Aug. 19. The drop offset the gain of the preceding week and had the effect of bringing the all-commodity index to 103.6% of the 1926 average. The extent of the decline in the level of prices for commodities in primary markets in the past four weeks is 0.3%, and is about 1% above the same period of last year.

Electric Output For Week Ended Aug. 26, 1944 Shows 2.2% Gain Over Same Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended Aug. 26, 1944, was approximately 4,418,298,000 kwh., compared with 4,322,195,000 kwh. in the corresponding week a year ago, an increase of 2.2%. The output for the week ended Aug. 19, 1944, was 4.4% in excess of the similar period of 1943.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

	Week Ended			
Major Geographical Divisions—	Aug. 26	Aug. 19	Aug. 12	Aug. 5
New England	1.4	3.5	2.0	1.3
Middle Atlantic	*5.2	*1.5	*4.4	*3.1
Central Industrial	1.6	5.1	3.1	3.2
West Central	2.3	5.2	3.0	1.9
Southern States	7.1	7.1	6.5	8.1
Rocky Mountain	*2.6	*3.9	*6.0	*4.5
Pacific Coast	10.5	11.9	13.3	14.4
Total United States	2.2	4.4	3.0	3.7

*Decrease under similar week in 1943.

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1944	1943	% Change over 1943	1942	1932	1929
May 6	4,233,756	3,903,723	+ 8.5	3,365,208	1,436,928	1,698,942
May 13	4,238,375	3,969,161	+ 6.8	3,356,921	1,435,731	1,704,426
May 20	4,245,678	3,992,250	+ 6.3	3,379,985	1,425,151	1,705,460
May 27	4,291,750	3,990,040	+ 7.6	3,322,651	1,381,452	1,615,085
June 3	4,144,490	3,925,893	+ 5.6	3,372,374	1,435,471	1,689,925
June 10	4,264,600	4,040,376	+ 5.5	3,463,528	1,441,532	1,699,227
June 17	4,287,251	4,098,401	+ 4.6	3,433,711	1,440,541	1,702,501
June 24	4,325,417	4,120,038	+ 5.0	3,457,024	1,456,961	1,723,428
July 1	4,327,359	4,110,793	+ 5.3	3,424,188	1,341,730	1,592,075
July 8	3,940,854	3,919,398	+ 0.5	3,428,916	1,415,704	1,711,625
July 15	4,377,152	4,184,143	+ 4.6	3,565,367	1,433,903	1,727,225
July 22	4,380,930	4,196,357	+ 4.4	3,625,645	1,440,386	1,732,031
July 29	4,390,762	4,226,705	+ 3.9	3,649,146	1,426,986	1,724,728
Aug. 5	4,399,433	4,240,638	+ 3.7	3,637,070	1,415,122	1,729,667
Aug. 12	4,415,368	4,287,827	+ 3.0	3,654,795	1,431,910	1,733,110
Aug. 19	4,451,076	4,264,824	+ 4.4	3,673,717	1,436,440	1,750,056
Aug. 26	4,418,298	4,322,195	+ 2.2	3,639,961	1,464,700	1,761,594

National Fertilizer Association Commodity Price Index Registers Fractional Advance

The weekly wholesale commodity price index, compiled by The National Fertilizer Association and made public on Aug. 28, advanced fractionally to 138.4 in the week ending Aug. 26 from 138.3 in the preceding week. A month ago this index stood at 138.4 and a year ago at 135.3, based on the 1935-1939 average as 100. The Association's report continued as follows:

The farm products group remained unchanged last week. The grains group was up slightly as higher quotations on oats more than offset lower quotations on rye. The livestock group advanced only fractionally as higher prices for good cattle and lambs more than offset lower prices for live fowls. The foods group moved into higher ground reflecting higher prices for eggs and oranges. The textiles group was the only other group index number to change. This declined slightly as lower quotations for raw cotton more than offset higher quotations for certain finished goods.

During the week 6 price series in the index advanced and 3 declined; in the preceding week there were 7 advances and 3 declines; and in the second preceding week there were 2 advances and 9 declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
1935-1939=100*

% Each Group Bears to the Total Index	Group	Latest Week Aug. 26, 1944	Preceding Week Aug. 19, 1944	Month Ago July 29, 1944	Year Ago Aug. 28, 1943
25.3	Foods	140.2	139.9	141.5	138.6
	Fats and Oils	145.1	145.1	145.1	145.7
	Cottonseed Oil	163.1	163.1	163.1	161.3
23.0	Farm Products	161.0	161.0	161.2	155.6
	Cotton	203.7	206.4	203.1	194.0
	Grains	155.9	155.2	157.9	147.9
	Livestock	155.8	155.4	155.6	151.6
17.3	Fuels	130.1	130.1	130.1	122.8
10.8	Miscellaneous commodities	132.2	132.2	132.2	131.0
8.2	Textiles	152.8	153.1	152.6	150.3
7.1	Metals	104.4	104.4	104.4	104.4
6.1	Building materials	154.0	154.0	154.0	152.5
1.3	Chemicals and drugs	126.9	126.9	126.9	126.6
.3	Fertilizer materials	118.3	118.3	118.3	117.7
.3	Fertilizers	119.7	119.7	119.7	119.8
.3	Farm machinery	104.5	104.5	104.5	104.1
100.0	All groups combined	138.4	138.8	138.4	135.3

*Indexes on 1926-1928 base were: Aug. 26, 1944, 107.8; Aug. 19, 107.7, and Aug. 28, 1943, 105.4.

Steel Operations Rise To 97.1% — Deliveries Eased — Lighter Demand May Be In The Offing

"Until such time as civilian steel orders begin to reach mills in large tonnages, it appears that the peak in steel ordering has passed," "The Iron Age" states in its issue of today (Aug. 31), further adding: "While incoming bookings were still heavy this week in most centers, it is recalled that material involved in these orders represents requirements set up some time ago.

"Although on the surface steel market trends appeared to be the same as a week ago, tiny cracks are beginning to materialize which may be indicative of a gradual leveling-off or which may precede an upheaval. Whether the latter condition occurs in the near future depends entirely on the course of the war in Europe.

"No matter what shape near-future events take abroad, steel producers and their consumers this week are entertaining more sober thoughts upon the effect Germany's defeat will have upon the volume of new steel orders, the production of material already in steel mill schedules and the huge backlogs. Probably the deepest thinking is being carried on by those steel companies and allied industries which in the early days of the war made the greatest changes in their plants and methods to convert to the production of war goods.

"Some of the signposts this week in the steel industry which tend to support the view that lighter demand may be in the offing are: a sharp first quarter cutback in Maritime Commission requirements, postponement in some shell steel delivery schedules, substitution of lend-lease orders for four-quarter domestic tinplate cutbacks, hesitancy on fresh steel orders and inventory house-cleaning. Even though the cutbacks in shell steel production, as mentioned in 'The Iron Age' last week, will probably be temporary and will have to be made up at a later date, this breathing spell is giving mills a chance to catch up on a structural, rail, heavy bar and semi-finished steel backlogs. The shell program had pushed deliveries on these items back to a considerable extent.

"From a current market standpoint, and despite the many small but perhaps significant trends, orders this week were almost as heavy as a week ago, pressure was still on for deliveries involving practically all steel products and unfilled order backlogs were undergoing little or no change."

The American Iron and Steel Institute on Aug. 28 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 94% of the steel capacity of the industry will be 97.1% of capacity for the week beginning Aug. 28, compared with 94.5% one week ago, 96.9% one month ago and 99.4% one year ago. The operating rate for the week beginning Aug. 28 is equivalent to 1,739,300 tons of steel ingots and castings, compared to 1,692,800 tons one week ago, 1,735,800 tons one month ago, and 1,732,500 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on Aug. 28 stated in part as follows:

"Forward delivery on some major steel products has been relieved by further decline in buying and an increasing, though moderate, rate of cancellations and cutbacks.

"Sheared plates now are being quoted by some producers for November delivery, against December as the best promise recently.

"Sheet schedules are being constantly readjusted but the tendency is still forward, especially in hot-rolled and galvanized, the latter being quoted for February and March.

"Pig iron production in July totaled 5,156,814 net tons, a slight gain over 5,056,627 tons in June. The July output was below average for longer months and far below the all-time record of 5,434,240 tons made in March. Output for seven months totaled 36,638,434 tons, compared with 35,366,188 tons in the same period last year.

"Distribution of 1,600 cars by the Chicago & Alton and 1,700 by the Baltimore & Ohio indicate interest of railroads in adding to depleted equipment. The Delaware & Hudson has placed 21,300 tons of rails. Allocation of carbon steel by WPB for railroad use in fourth quarter has been reduced to 1,039,100 tons from 1,532,633 tons asked by the industry. Replacement rail request was cut to 360,000 tons from 550,000 tons asked. Need for shell steel, much of which is rolled on rail mills, is a factor in this cut. Similar cuts were made in allocation for automobiles, trucks and replacement parts.

"Consumption of Lake Superior iron ore in July totaled 7,371,733 gross tons, slightly below the average for earlier months. Total consumption to Aug. 1 was a little higher than in the comparable period last year, 51,661,963 tons, against 51,248,423 tons. Stocks at furnaces and Lake Erie docks are slightly lower than a year ago, 32,069,216 tons against 32,388,932 tons."

Civil Engineering Construction $37,309,000 For Week

Civil engineering construction volume in continental United States totals $37,309,000 for the week. This volume, not including the construction by military engineers abroad, American contracts outside the country, and shipbuilding, is 12% lower than a week ago, 8% lower than in the corresponding 1943 week, and 1% under the previous four week moving average as reported to "Engineering News-Record" and made public on Aug. 24. The report added:

Private work gains 84% over the preceding week, but is 53% below a year ago. Public construction reports a 19% decrease from last week, while gaining 9% over last year.

The current week's construction brings 1944 volume to $1,201,360,000 for the 34 weeks, a decrease of 46% from $2,224,088,000 reported for the 1943 period. Private construction, $264,439,000 is 7% below a year ago, and public work, $936,921,000, is down 52% due to the 57% drop in Federal work. State and municipal volume is 17% above a year ago.

Civil engineering construction volumes for the 1943 week, last week and the current week are:

	Aug. 26, 1943	Aug. 17, 1944	Aug. 24, 1944
Total U. S. construction	$40,638,000	$42,335,000	$37,309,000
Private construction	11,065,000	2,800,000	5,157,000
Public construction	29,573,000	39,535,000	32,152,000
State and municipal	2,870,000	7,540,000	4,511,000
Federal	26,703,000	31,995,000	27,641,000

In the classified construction groups, gains over last week are in waterworks, bridges, industrial buildings, and earthwork and drainage. Increases over the 1943 week are in waterworks, sewerage, bridges, industrial buildings, public buildings, earthwork and drainage, and streets and roads. Subtotals for the week in each class of construction are: waterworks, $781,000; sewerage, $596,000; bridges, $461,000; industrial buildings, $4,512,000; commercial building and large-scale private housing, $400,000; public buildings, $16,611,000; earthwork and drainage, $2,698,000; streets and roads, $3,500,000, and unclassified construction, $7,750,000.

New capital for construction purposes totals $13,046,000 for the week. It is made up of $7,716,000 in State and municipal bond sales, $5,000,000 in corporate security issues, and $330,000 in RFC loans for private industrial expansion. The week's new financing brings 1944 volume to $1,595,292,000, a total that compares with $2,926,726,000 for the 34-week 1943 period.

Dr. Palyi Consultant For Laundering Inst.

The American Institute of Laundering, national trade association of the laundry industry, has retained Dr. Melchior Palyi, nationally known Chicago economist, as a consultant to the Institute.

In announcing Dr. Palyi's appointment, George H. Johnson, the Institute's General Manager, revealed plans for a complete study of the post-war phase of the industry's "Progressive Planning" program. Special attention will be given in the study to post-war problems of the laundry business which affect its capital structure, prices, wages and its prospective level of employment.

Dr. Palyi is now engaged in preparatory work in connection with the research into the industry's post-war problems.

Individual Investor Seen Main Factor In Realty Inflation

The private individual investor who has returned to the real estate and mortgage markets in force, particularly in the past year, may likely prove to be the principal factor in the so-called inflationary price movement in city and farm property, according to a study by the Mortgage Bankers Association of America among its members.

It now seems clear, the Association said, that most of the big institutional investors, including commercial and mutual savings banks, insurance companies and fraternal societies, have become fully aware of the dangers of inflated valuations for real estate and, as a consequence, are lending cautiously. The small individual investor has not recognized the extent and character of the present trend and its possible effects, it added.

The subject has been scheduled for review at the Association's 31st annual business meeting and Conference on War and Post-war Mortgage Problems in Chicago, Oct. 18, 19 and 20. Dr. E. C. Young, dean of the graduate school of Purdue University, will be the principal speaker on the rise in farm land values.

"In the city real estate field, individuals are showing large increases in the number of mortgages they are recording. One tabulation, limited to city mortgages of less than $20,000, shows that individuals are increasing their loans about 40% above those of the same period last year and now are making about a fourth of the total of all mortgages. While these do not represent all the mortgages being made over the country, they are believed to fully reflect the current trend.

"Statistics from the farm mortgage lending field are considerably more conclusive and show the individual investor's enhanced role," according to the study. "Farm mortgages of all lenders recorded in the first quarter this year were 28% ahead of those of the same period last year. Number of loans were up 12%, indicating the faster turnover of farm properties."

But it is in the size of mortgages where the most conclusive evidence can be found of the present trend, it is pointed out. Average size in the first quarter was 14% greater than in the same period a year ago. Individual's mortgages were up 36% in amount and 25% in average size.

Comparison of first quarter 1944 data with those of four years ago is even more impressive and reveals the great upward advance that has taken place since that time. There has been a gain of 43% in amount of farm mortgages with individuals showing a gain of 85%; and a gain of 47% in average size for all lenders with individuals' loans up 80% in size.

Individuals have increased the total proportion of farm loans they recorded from more than 29% in the first quarter of 1940 to more than 37½% in first quarter this year.

One optimistic factor in the present upward movement of farm land prices which was not present during the early 'twenties, according to H. G. Woodruff, Detroit, Association President, is that practically all responsible groups in the country are aware of the dangers of an unreasonable advance in farm land prices and are acting and lending accordingly. The largest group which seems to have failed to recognize the potential dangers is the individual investors, he said.

Federal Reserve July Business Indexes

The Board of Governors of the Federal Reserve System issued on Aug. 26 its monthly indexes of industrial production, factory employment and payrolls, etc. At the same time, the Board made available its customary summary of business conditions. The indexes for July, together with a comparison for a month and a year ago, follow:

BUSINESS INDEXES
1939 average = 100 for factory employment and payrolls;
1923-25 average = 100 for construction contracts;
1935-39 average = 100 for all other series

	Adjusted for —Seasonal Variation—			Without Seasonal Adjustment		
	—1944—		1943	—1944—		1943
	July	June	July	July	June	July
Industrial production—						
Total	*233	235	240	*235	236	241
Manufactures—						
Total	*249	252	259	*251	252	260
Durable	*350	354	360	*351	355	361
Nondurable	*168	169	177	*169	170	178
Minerals	*140	142	134	*144	146	140
Construction contracts, value—						
Total	*39	34	60	*44	41	67
Residential	*14	15	36	*15	16	36
All other	*59	50	80	*68	60	92
Factory employment—						
Total	*157.6	158.8	169.7	*157.8	158.6	169.8
Durable goods	*213.8	216.5	229.4	*214.0	216.6	229.7
Nondurable goods	*113.4	113.3	122.6	*113.4	112.8	122.6
Factory payrolls—						
Total	---	---	---	†	318.3	315.6
Durable goods	---	---	---	†	443.1	439.7
Nondurable goods	---	---	---	†	196.3	194.2
Freight carloadings	143	139	141	147	144	146
Department store sales, value	194	175	171	143	162	127
Department store stocks, value	163	157	160	146	150	144

*Preliminary. †Data not yet available.

Note—Production, carloading, and department store sales indexes based on daily averages. To convert durable manufactures, nondurable manufactures, and minerals indexes to points in total index, shown in Federal Reserve Chart Book, multiply durable by .379, nondurable by .469, and minerals by .152.

Construction contract indexes based on 3-month moving averages, centered at second month, of F. W. Dodge data for 37 Eastern States. To convert indexes to value figures, shown in the Federal Reserve Chart Book, multiply total by $410,269,000, residential by $184,137,000, and all other by $226,132,000.

Employment index, without seasonal adjustment, and payrolls index compiled by Bureau of Labor Statistics.

INDUSTRIAL PRODUCTION
(1935-39 average = 100)

	Adjusted for —Seasonal Variation—			Without Seasonal Adjustment		
	—1944—		1943	—1944—		1943
Manufactures—	July	June	July	July	June	July
Iron and steel	202	204	204	202	204	204
Pig iron	196	198	191	196	198	191
Steel	222	225	230	222	225	230
Open hearth	184	183	181	184	183	181
Electric	491	526	577	491	526	577
Machinery	*441	443	440	*441	443	440
Transportation equipment	*705	716	754	*705	716	754
Automobiles	*225	228	220	*225	228	220
Nonferrous metals and products	†	264	256	†	264	255
Smelting and refining	*246	253	278	*245	252	277
Lumber and products	*124	127	128	*130	133	135
Lumber	*114	118	118	*123	127	128
Furniture	*144	145	148	*144	145	148
Stone, clay and glass products	*166	168	173	*166	168	173
Plate glass	60	65	45	60	65	45
Cement	86	84	119	94	90	131
Clay products	*126	127	132	*125	125	132
Gypsum and plaster products	*176	176	198	*176	179	198
Abrasive & asbestos products	*292	297	326	*292	297	326
Textiles and products	†	*146	148	†	*146	148
Cotton consumption	139	140	153	139	140	153
Rayon deliveries	193	196	183	193	196	183
Wool textiles	†	†	146	†	†	146
Leather products	*105	115	112	*103	114	110
Tanning	†	114	111	†	111	105
Cattle hide leathers	†	124	116	†	119	109
Calf and kip leathers	†	85	85	†	87	84
Goat and kid leathers	†	84	84	†	85	83
Sheep and lamb leathers	†	141	169	†	139	157
Shoes	*100	116	112	*100	116	112
Manufactured food products	*152	154	146	*161	154	155
Wheat flour	*113	110	103	*112	106	102
Meatpacking	*175	173	186	*162	172	170
Other manufactured foods	*152	155	145	*158	146	151
Processed fruits & vegetables	*124	136	126	*162	105	164
Tobacco products	122	121	134	127	126	138
Cigars	86	89	99	86	89	99
Cigarettes	154	151	166	162	158	175
Other tobacco products	78	79	84	78	80	84
Paper and products	†	140	135	†	141	134
Paperboard	148	156	143	148	156	143
Newsprint production	83	80	91	82	80	89
Printing and publishing	*101	100	111	*95	100	104
Newsprint consumption	87	85	105	75	84	91
Petroleum and coal products	†	242	182	†	242	182
Petroleum refining	†	252	185	†	252	185
Gasoline	*137	136	109	*137	136	109
Fuel oil	†	164	145	†	164	145
Lubricating oil	†	131	121	†	131	120
Kerosene	†	130	118	†	123	110
Coke	†	172	162	†	172	162
Byproduct	†	164	153	†	164	153
Beehive	*455	463	453	*455	463	453
Chemicals	*318	320	402	*314	317	398
Rayon	*237	237	222	*237	237	222
Industrial chemicals	*411	412	371	*411	412	371
Rubber	*227	228	229	*227	228	229
Minerals—						
Fuels	*144	146	136	*144	146	136
Bituminous coal	*151	158	155	*151	158	155
Anthracite	*119	128	129	*119	128	129
Crude petroleum	*144	143	128	*144	143	128
Metals	†	120	128	†	148	163
Iron ore	---	---	---	†	330	365

*Preliminary or estimated. †Data not yet available.

FREIGHT CARLOADINGS
(1935-39 average = 100)

Coal	143	148	146	143	148	146
Coke	194	194	184	188	191	178
Grain	144	135	143	172	137	172
Livestock	124	‡124	‡112	102	100	97
Forest products	156	148	150	157	154	150
Ore	189	187	202	302	291	323
Miscellaneous	150	143	146	151	147	147
Merchandise, l.c.l.	66	67	64	66	66	63

‡Revised.

Note—To convert coal and miscellaneous indexes to points in total index, shown in the Federal Reserve Chart Book, multiply coal by .213 and miscellaneous by .548.

Trading On New York Exchanges

The Securities and Exchange Commission made public on Aug. 23 figures showing the volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended Aug. 5, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately from other sales in these figures.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended August 5 (in round-lot transactions) totaled 1,832,330 shares, which amount was 17.93% of the total transactions on the Exchange of 5,111,310 shares. This compares with member trading during the week ended July 29 of 1,551,140 shares, or 17.01% of the total trading of 4,562,520 shares. On the New York Curb Exchange, member trading during the week ended Aug. 5 amounted to 314,310 shares, or 14.00% of the total volume on that exchange of 1,122,360 shares; during the July 29 week trading for the account of Curb members of 417,925 shares was 13.57% of total trading of 1,540,000 shares.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

WEEK ENDED AUGUST 5, 1944

	Total for week	†%
A. Total Round-Lot Sales:		
Short sales	108,920	
‡Other sales	5,002,390	
Total sales	5,111,310	
B. Round-Lot Transactions for Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	424,180	
Short sales	48,770	
‡Other sales	366,040	
Total sales	414,810	8.21
2. Other transactions initiated on the floor—		
Total purchases	344,350	
Short sales	16,400	
‡Other sales	313,690	
Total sales	330,090	6.60
3. Other transactions initiated off the floor—		
Total purchases	141,415	
Short sales	13,400	
‡Other sales	164,085	
Total sales	177,485	3.12
4. Total—		
Total purchases	909,945	
Short sales	78,570	
‡Other sales	843,815	
Total sales	922,385	17.93

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

WEEK ENDED AUGUST 5, 1944

	Total for week	†%
A. Total Round-Lot Sales:		
Short sales	8,885	
‡Other sales	1,113,475	
Total sales	1,122,360	
B. Round-Lot Transactions for Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	81,130	
Short sales	4,895	
‡Other sales	121,265	
Total sales	126,160	9.23
2. Other transactions initiated on the floor—		
Total purchases	18,235	
Short sales	1,300	
‡Other sales	29,605	
Total sales	30,905	2.19
3. Other transactions initiated off the floor—		
Total purchases	28,835	
Short sales	1,700	
‡Other sales	27,345	
Total sales	29,045	2.58
4. Total—		
Total purchases	128,200	
Short sales	7,895	
‡Other sales	178,215	
Total sales	186,110	14.00
C. Odd-Lot Transactions for Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	45,714	
Total purchases	45,714	
Total sales	36,045	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†In calculating these percentages the total of members' purchases and sales is compared with twice the total round-lot volume on the Exchange for the reason that the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission's rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

Wright Named By FDR As Aeronautics Administrator

On Aug. 22, President Roosevelt nominated Theodore Paul Wright to succeed Charles L. Stanton as Administrator of Aeronautics. Mr. Wright is Vice-President and General Manager of the Curtiss-Wright Corp., and has played a major part in directing the nation's wartime aircraft production program. According to special advices from Washington to the New York "Times," which in part also said:

Mr. Stanton, a pioneer Federal civil service employee in the field of commercial aviation, told President Roosevelt in a letter of resignation that he wished to return to his old position of Deputy Administrator to protect his civil service standing.

The President stated in his letter accepting Mr. Stanton's resignation that Mr. Wright's appointment had been suggested by Secretary of Commerce Jesse Jones. William A. M. Burden, Assistant Secretary of Commerce, said in a statement explaining the personnel change:

"The President's action in nominating T. P. Wright as Administrator of Civil Aeronautics is an outstanding step in preparing American civil aviation to meet its heavy post-war responsibilities."

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Aug. 23 a summary for the week ended Aug. 12 of complete figures showing the daily volume of stock transactions for odd-lot account of all odd-lot dealers and specialists who handled odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the Commission by the odd-lot dealers and specialists.

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE N. Y. STOCK EXCHANGE

Week Ended Aug. 12, 1944

	Total for Week
Odd-Lot Sales by Dealers (Customers' purchases)	
Number of orders	17,367
Number of shares	494,709
Dollar value	$18,366,037
Odd-Lot Purchases by Dealers— (Customers' sales)	
Number of Orders:	
Customers' short sales	156
*Customers' other sales	17,614
Customers' total sales	17,770
Number of Shares:	
Customers' short sales	4,505
*Customers' other sales	465,073
Customers total sales	469,578
Dollar value	$14,432,161
Round-Lot Sales by Dealers—	
Number of Shares:	
Short sales	40
†Other sales	123,050
Total sales	123,090
Round-Lot Purchases by Dealers:	
Number of shares	159,090

*Sales marked "short exempt" are reported with "other sales."

†Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Magill Lecture Opens Series On Present And Post-War Taxes

Roswell Magill, discussing "The Present Federal Tax System," commenced on Aug. 28 at 3:30 o'clock in the Board of Governors room of the New York Stock Exchange, the series of weekly lectures on present and post-war taxes which is being sponsored by the New York Institute of Finance, headed by Robert Cluett, 3rd. Mr. Magill was Under-Secretary of the Treasury in 1937 and 1938. He is a partner of the law firm of Cravath, Swaine & Moore and Chairman of the Committee on Post-War Tax Policy. Other discussions scheduled for suceeding Mondays include "Estate Taxes," by Weston Vernon, Jr.; "Individual Taxes," Harley L. Lutz; "Tax Simplification," Robert W. Wales; "Corporate Taxes," Ellsworth C. Alvord, and the "Post-War Problem," to be discussed by Emil Schram, President of the New York Stock Exchange, on Oct. 2.

Midland Bank Member Of Agricultural Mortgage Corporation

It is announced that the Midland Bank has become a member of the Agricultural Mortgage Corporation. The decision, it is indicated, thus carried into effect was based upon the view that financial measures forming part of the Government's policy of securing a "healthy and well-balanced agriculture" called for the united support of the banks, more especially having regard to arrangements embodied in the Agriculture (Miscellaneous Provisions) Bill, now on its way through Parliament, which will enable the Corporation to make long-term loans to agriculture for capital purposes on terms substantially more favorable to the borrower than heretofore. As a result of this step the facilities offered by the Corporation will henceforth be available through the Midland Bank as through the other member banks.

Daily Average Crude Oil Production For Week Ended Aug. 19, 1944 Climbed To A New High

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended Aug. 19, 1944, was 4,675,100 barrels, a new high record. This was 7,800 barrels per day in excess of the previous peak reached for the week ended Aug. 12, 1944, and exceeded the corresponding week of 1943 by 456,750 barrels per day. The current figure was also 18,800 barrels per day higher than the daily average figure recommended by the Petroleum Administration for War for the month of August, 1944. Daily output for the four weeks ended Aug. 19, 1944, averaged 4,650,400 barrels. Further details as reported by the Institute follow:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 4,694,000 barrels of crude oil daily and produced 13,757,000 barrels of gasoline; 1,487,000 barrels of kerosine; 4,819,000 barrels of distillate fuel oil, and 9,136,000 barrels of residual fuel oil during the week ended Aug. 19, 1944; and had in storage at the end of that week 81,850,000 barrels of gasoline; 12,816,000 barrels of kerosine; 40,308,000 barrels of distillate fuel, and 58,737,000 barrels of residual fuel oil. The above figures apply to the country as a whole, and do not reflect conditions on the East Coast.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*P. A. W. Recommendations August	*State Allowables begin. Aug. 1	Actual Production Week Ended Aug. 19, 1944	Change from Previous Week	4 Weeks Ended Aug. 19, 1944	Week Ended Aug. 21, 1943
Oklahoma	332,000	340,000	†340,000	+ 400	339,550	329,250
Kansas	274,000	269,400	†285,300	+ 8,150	270,550	308,100
Nebraska	1,000	----	†550	— 350	850	1,900
Panhandle Texas			98,700	----	96,300	98,000
North Texas			148,750	----	149,450	140,400
West Texas			484,950	----	479,600	258,400
East Central Texas			147,650	----	147,850	129,950
East Texas			371,700	----	369,650	371,000
Southwest Texas			321,650	----	321,150	239,050
Coastal Texas			535,200	----	534,250	474,450
Total Texas	2,099,000	‡2,101,382	2,108,600	----	2,098,250	1,711,250
North Louisiana			73,750	— 100	73,450	83,350
Coastal Louisiana			288,950	----	288,050	268,500
Total Louisiana	350,000	394,600	362,700	— 100	361,500	351,850
Arkansas	78,000	78,235	80,650	— 350	80,700	76,250
Mississippi	40,000		45,750	+ 300	45,850	50,200
Alabama			200	----	200	----
Florida			50	----	50	----
Illinois	215,000		210,500	+ 650	208,800	207,550
Indiana	14,000		12,850	— 100	13,000	13,300
Eastern— (Not incl. Ill., Ind., Ky.)	71,400		69,000	— 8,550	69,850	75,400
Kentucky	23,000		24,550	— 750	25,100	23,300
Michigan	51,000		49,400	----	51,850	53,100
Wyoming	100,000		87,450	+ 3,650	90,850	102,100
Montana	24,000		21,800	----	21,800	21,400
Colorado	7,900		8,450	+ 300	8,300	7,050
New Mexico	110,000	110,000	106,000	— 2,550	107,900	105,050
Total East of Calif.	3,790,300		3,813,800	+ 700	3,794,950	3,437,050
California	866,000	§866,000	861,300	+ 7,100	855,450	781,300
Total United States	4,656,300		4,675,100	+ 7,800	4,650,400	4,218,350

*P.A.W. recommendations and state allowables, as shown above, represent the production of crude oil only, and do not include amounts of condensate and natural gas derivatives to be produced.

†Oklahoma, Kansas, Nebraska figures are for week ended 7:00 a.m. Aug. 17, 1944.

‡This is the net basic allowance as of Aug. 1 calculated on a 31-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 1 to 15 days, the entire state was ordered shut down for 7 days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent to 7 days shutdown time during the calendar month. §Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED AUG. 19, 1944

(Figures in Thousands of barrels of 42 Gallons Each)

Figures in this section include reported totals plus an estimate of unreported amounts and are ——therefore on a Bureau of Mines basis——

District—	Daily Refining Capacity Potential Rate	Daily Refining Capacity % Reporting	Crude Runs to Stills Daily Average	Crude Runs to Stills % Operated	§Gasoline Production at Refineries Includ. Natural Blended	‡Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuel Oil	‡Stocks of Residual Fuel Oil
*Combin'd East Coast Texas Gulf, Louisiana Gulf, North Louisiana-Arkansas, and inland Texas	2,518	90.3	2,468	98.0	7,002	38,226	21,387	18,106
Appalachian—								
District No. 1	130	83.9	105	80.8	311	2,137	595	328
District No. 2	47	87.2	56	119.1	195	1,434	183	170
Ind., Ill., Ky.	824	85.2	799	97.0	2,684	17,718	5,943	4,349
Okla., Kans., Mo.	418	80.2	385	92.1	1,327	6,652	1,834	1,422
Rocky Mountain—								
District No. 3	13	17.0	11	84.6	35	54	3	35
District No. 4	141	58.3	96	68.1	330	2,014	354	637
California	817	89.9	774	94.7	1,873	13,615	10,009	33,690
Total U. S. B. of M. basis Aug. 19, 1944	4,908	87.2	4,694	95.6	13,757	†81,850	40,308	58,737
Total U. S. B. of M. basis Aug. 12, 1944	4,908	87.2	4,560	92.9	13,708	81,203	40,035	57,003
U. S. Bur. of Mines basis Aug. 21, 1943			4,094		12,147	71,742	35,782	66,739

*At the request of the Petroleum Administration for War. †Finished 69,336,000 barrels; unfinished, 12,514,000 barrels. ‡Stocks at refineries, at bulk terminals, in transit and in pipe lines. §Not including 1,487,000 barrels of kerosine, 4,819,000 barrels of gas oil and distillate fuel oil and 9,136,000 barrels of residual fuel oil produced during the week ended Aug. 19, 1944, which compares with 1,428,000 barrels, 4,976,000 barrels and 8,264,000 barrels, respectively, in the preceding week and 1,215,000 barrels, 4,131,000 barrels and 8,494,000 barrels, respectively, in the week ended Aug. 21, 1943.

Note—Stocks of kerosine at Aug. 19, 1944 amounted to 12,816,000 barrels, as against 11,850,000 barrels a week earlier and 9,631,000 barrels a year before.

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following table:

MOODY'S BOND PRICES†
(Based on Average Yields)

1944— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
Aug. 29	119.87	112.75	118.80	117.40	112.19	103.30	106.74	114.27	117.20
28	119.89	112.75	118.80	117.40	112.19	103.30	106.74	114.27	117.20
26	Stock Exchange Closed.								
25	119.89	112.75	118.80	117.40	112.19	103.30	106.74	114.27	117.20
24	119.89	112.56	118.60	117.20	112.19	103.30	106.74	114.08	117.40
23	119.92	112.56	118.60	117.20	112.37	103.30	106.92	114.27	117.20
22	119.88	112.75	118.60	117.40	112.37	103.30	106.92	114.27	117.20
21	119.88	112.75	118.60	117.20	112.56	103.30	106.92	114.27	117.20
19	Stock Exchange Closed.								
18	119.84	112.56	118.60	117.20	112.37	103.30	106.92	114.08	117.20
17	119.83	112.56	118.60	117.20	112.37	103.30	106.92	114.08	117.20
16	119.83	112.56	118.60	117.20	112.37	103.30	106.92	114.08	117.20
15	119.86	112.56	118.60	117.20	112.37	103.30	106.92	114.08	117.40
14	119.92	112.75	118.80	117.20	112.37	103.30	106.92	114.08	117.20
12	119.88	112.75	118.80	117.20	112.37	103.30	106.92	114.08	117.20
11	119.84	112.56	118.60	117.00	112.37	103.30	106.92	114.08	117.20
10	119.88	112.56	118.60	117.20	112.19	103.30	106.92	114.08	117.00
9	120.01	112.56	118.60	117.00	112.19	103.30	106.74	114.08	117.20
8	120.03	112.56	118.60	117.00	112.19	103.30	106.74	114.27	117.00
7	120.00	112.56	118.80	117.00	112.19	103.30	106.92	114.27	117.20
5	120.05	112.56	118.80	117.00	112.19	103.30	106.92	114.27	117.00
4	120.08	112.56	118.80	117.00	112.19	103.30	106.74	114.08	117.20
3	120.14	112.56	118.80	117.00	112.19	103.30	106.74	114.08	117.20
2	120.14	112.56	118.80	117.00	112.19	103.30	106.92	114.08	117.20
1	120.09	112.56	118.80	117.00	112.19	103.30	106.74	114.08	117.20
July 28	120.10	112.37	118.60	116.80	112.19	103.13	106.56	114.27	117.00
21	120.18	112.56	118.60	117.00	112.19	103.13	106.56	114.27	117.20
14	120.23	112.56	118.60	117.20	112.19	103.13	106.39	114.08	117.40
7	120.27	112.56	118.60	117.00	112.37	102.96	106.21	114.08	117.40
June 30	120.15	112.37	118.60	116.80	112.00	102.80	106.04	113.89	117.40
23	120.13	112.19	118.40	116.80	112.00	102.63	106.04	113.89	117.20
16	120.01	112.19	118.40	116.61	112.00	102.63	105.86	113.70	117.20
9	119.88	112.19	118.60	116.61	111.81	102.46	105.69	113.89	117.20
2	119.99	112.19	118.60	116.80	111.81	102.46	105.86	113.89	117.00
May 26	119.66	112.19	118.40	116.80	111.81	102.30	105.86	113.89	117.00
19	119.59	112.00	118.60	116.80	111.81	102.13	105.86	113.89	116.80
12	119.48	112.00	118.60	116.80	111.81	101.64	105.52	113.89	116.80
5	119.48	111.81	118.40	116.61	111.62	101.47	105.52	113.70	116.41
Apr. 28	119.35	111.81	118.40	116.61	111.62	101.47	105.34	113.70	116.41
Mar. 31	119.68	111.44	118.20	116.41	111.25	100.81	104.66	113.70	116.22
Feb. 25	120.21	111.25	118.20	116.41	111.07	100.32	104.31	113.50	116.22
Jan. 28	119.47	111.07	118.20	116.22	111.07	100.16	104.14	113.31	116.41
High 1944	120.44	112.75	118.80	117.40	112.56	103.30	106.92	114.27	117.40
Low 1944	119.34	110.70	118.20	116.22	110.88	99.04	103.30	113.12	116.02
High 1943	120.87	111.44	119.41	117.00	111.81	99.36	103.47	114.27	117.40
Low 1943	116.85	107.44	116.80	113.89	108.88	92.35	97.16	111.81	114.46
1 Year Ago Aug. 28, 1943	120.34	111.25	119.20	116.80	111.62	98.88	103.13	113.89	117.20
2 Years Ago Aug. 29, 1942	117.82	107.09	117.00	119.31	108.16	92.06	96.54	111.62	114.08

MOODY'S BOND YIELD AVERAGES
(Based on Individual Closing Prices)

1944— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
Aug. 29	1.81	3.02	2.71	2.78	3.05	3.55	3.35	2.94	2.79
28	1.81	3.02	2.71	2.78	3.05	3.55	3.35	2.94	2.79
26	Stock Exchange Closed.								
25	1.81	3.02	2.71	2.78	3.05	3.55	3.35	2.94	2.79
24	1.81	3.03	2.72	2.79	3.05	3.55	3.35	2.95	2.78
23	1.80	3.03	2.72	2.79	3.04	3.55	3.34	2.94	2.79
22	1.81	3.02	2.72	2.78	3.04	3.55	3.34	2.94	2.79
21	1.81	3.02	2.72	2.79	3.03	3.55	3.34	2.94	2.79
19	Stock Exchange Closed.								
18	1.81	3.03	2.72	2.79	3.04	3.55	3.34	2.95	2.79
17	1.81	3.03	2.72	2.79	3.04	3.55	3.34	2.95	2.79
16	1.81	3.03	2.72	2.79	3.04	3.55	3.34	2.95	2.79
15	1.81	3.03	2.72	2.79	3.04	3.55	3.34	2.95	2.78
14	1.80	3.02	2.71	2.79	3.04	3.55	3.34	2.95	2.79
12	1.81	3.02	2.71	2.79	3.04	3.55	3.34	2.95	2.79
11	1.81	3.03	2.72	2.80	3.04	3.55	3.34	2.95	2.79
10	1.81	3.03	2.72	2.79	3.05	3.55	3.34	2.95	2.80
9	1.80	3.03	2.72	2.80	3.05	3.55	3.35	2.95	2.79
8	1.79	3.03	2.72	2.80	3.05	3.55	3.35	2.94	2.80
7	1.80	3.03	2.71	2.80	3.05	3.55	3.34	2.94	2.79
5	1.79	3.03	2.71	2.80	3.05	3.55	3.34	2.94	2.80
4	1.79	3.03	2.71	2.80	3.05	3.55	3.35	2.95	2.79
3	1.79	3.03	2.71	2.80	3.05	3.55	3.35	2.95	2.79
2	1.79	3.03	2.71	2.80	3.05	3.55	3.34	2.95	2.79
1	1.79	3.03	2.71	2.80	3.05	3.55	3.35	2.95	2.79
July 28	1.79	3.04	2.72	2.81	3.05	3.56	3.36	2.94	2.80
21	1.79	3.03	2.72	2.80	3.05	3.56	3.36	2.94	2.79
14	1.78	3.03	2.72	2.79	3.05	3.56	3.37	2.95	2.78
7	1.78	3.03	2.72	2.80	3.04	3.57	3.38	2.95	2.78
June 30	1.79	3.04	2.72	2.81	3.06	3.58	3.39	2.96	2.78
23	1.79	3.05	2.73	2.81	3.06	3.59	3.39	2.96	2.79
16	1.80	3.05	2.73	2.82	3.06	3.59	3.40	2.97	2.79
9	1.82	3.05	2.72	2.82	3.07	3.60	3.41	2.96	2.79
2	1.81	3.05	2.72	2.81	3.07	3.60	3.40	2.96	2.80
May 26	1.84	3.05	2.73	2.81	3.07	3.61	3.40	2.96	2.80
19	1.84	3.06	2.72	2.81	3.07	3.62	3.40	2.96	2.81
12	1.85	3.06	2.72	2.81	3.07	3.65	3.42	2.96	2.81
5	1.85	3.07	2.73	2.82	3.08	3.66	3.42	2.97	2.83
Apr. 28	1.86	3.07	2.73	2.82	3.08	3.66	3.43	2.97	2.83
Mar. 31	1.83	3.09	2.74	2.83	3.10	3.70	3.47	2.97	2.84
Feb. 25	1.81	3.10	2.74	2.83	3.11	3.73	3.49	2.98	2.84
Jan. 28	1.87	3.11	2.74	2.84	3.11	3.74	3.50	2.99	2.83
High 1944	1.87	3.13	2.74	2.84	3.12	3.81	3.55	3.00	2.85
Low 1944	1.77	3.02	2.71	2.78	3.03	3.55	3.34	2.94	2.78
High 1943	2.08	3.31	2.81	2.96	3.23	4.25	3.93	3.07	2.93
Low 1943	1.79	3.09	2.68	2.80	3.07	3.79	3.54	2.94	2.78
1 Year Ago Aug. 28, 1943	1.83	3.10	2.69	2.81	3.08	3.82	3.56	2.96	2.79
2 Years Ago Aug. 29, 1942	2.03	3.33	2.80	2.99	3.27	4.27	3.97	3.08	2.95

*These prices are computed from average yields on the basis of one "typical" bond 3¾% coupon, maturing in 25 years) and do not purport to show either the average evel or the average movement of actual price quotations. They merely serve to llustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published n the issue of Jan. 14, 1943, page 202.

Moody's Daily Commodity Index

Tuesday, Aug. 22, 1944	250.4
Wednesday, Aug. 23	250.0
Thursday, Aug. 24	250.5
Friday, Aug. 25	250.6
Saturday, Aug. 26	250.6
Monday, Aug. 28	251.2
Tuesday, Aug. 29	250.8
Two weeks ago, Aug. 15	249.8
Month ago, July 29	250.2
Year ago, Aug. 28, 1943	246.8
1943 High, April 1	249.8
Low, Jan. 2	240.2
1944 High, March 17	251.5
Low, Jan. 5	247.0

English Gold And Silver Markets

We reprint below the quarterly bullion letter of Samuel Montagu & Co., London, written under date of July 1:

Gold

The amount of gold held in the Issue Department of the Bank of England during the months of April, May and June, 1944, was unaltered at £241,718.

The Bank of England's buying price for gold remained unchanged at 168s/— per fine ounce, at which figure the above amount was calculated.

The gold output of the Transvaal for the months of March, April and May, 1944, are given below, together with figures for the corresponding months of 1943 for the purpose of comparison:

1944—	Fine Ounces
March	1,038,414
April	995,915
May	1,058,875
1943—	
March	1,108,789
April	1,075,363
May	1,096,195

Silver

There has been no change in the price of 23½d. per ounce standard for both cash and two months' delivery, and during the second quarter of the year the London market presented no new features. Buying for essential war industries continued steadily throughout the period and the bulk of the supplies was again provided from official stocks, although a little silver from production sources became available from time to time.

The price of silver in Bombay reached a new war-time peak on April 24 with a quotation of Rs.143 per 100 tolas, which is equivalent to about 63½d. per ounce standard. In the following month a decline set in owing to rumors that the Government was arranging to sell silver in the market, and on May 23 the price touched Rs 129 per 100 tolas. There was however, an immediate recovery to about a Rs.133 level, but on June 15 important news was received from Washington to the effect that Henry Morgenthau, Secretary of the U. S. Treasury, had announced that the U. S. Government has agreed under a special lend-lease agreement to supply the Government of India with 100,000,000 ounces of silver. This was in order to maintain an adequate supply of coinage for the large number of United Nations' forces in the country and for India's expanded war production. The further aim was to keep prices stable. The Government of India has agreed to return the silver to the U. S. Government after the war on an ounce-for-ounce basis.

The Bombay market reacted sharply to this announcement, and by June 20 the price had fallen to Rs.127 (approximately 56⅜d. per ounce standard) on repeated rumors that the Government would begin selling shortly. During the rest of the month, however, delay in announcing the Government's policy regarding the sale of America's silver led to bear covering, and by June 30 the quotation had improved to Rs.130/6.

Summary Of Redemptions Of U. S. Savings Bonds

United States Savings Bonds (Defense and War) series E, F and G were first offered on May 1, 1941. Since that date through July 31, 1944, total amount issued (issue price plus accrual of redemption values) aggregates $36,252,000,000.

Redemptions (including increment in values) through July 31, 1944, total $3,347,000,000, or 9.23% of total amount issued.

United States Savings Bonds (Defense and War) series E total amount issued (issue price plus accrual of redemption values) aggregates $25,677,000,000.

Redemptions (including increment in values) through July 31, 1944, total $3,045,000,000, or 11.86% of total amount issued.

Weekly Coal And Coke Production Statistics

The Solid Fuels Administration, U. S. Department of the Interior, in its latest report, states that the total production of soft coal in the week ended Aug. 19, 1944, is estimated at 11,875,000 net tons, a decrease of 325,000 tons, or 2.7%, from the preceding week. In the corresponding week of 1943, output amounted to 12,112,000 tons. Cumulative production of soft coal from Jan. 1 to Aug. 19, 1944, totaled 400,895,000 tons, as against 372,423,000 tons in the same period in 1943, a gain of 7.6%.

According to the U. S. Bureau of Mines, production of Pennsylvania anthracite for the week ended Aug. 19, 1944 was estimated at 1,169,000 tons, a decrease of 70,000 tons (5.7%) from the preceding week. When compared with the output in the week ended Aug. 21, 1943, there was a decrease of 90,000 tons, or 7.1%. The calendar year to date shows an increase of 6.7% when compared with the corresponding period of 1943.

The Bureau of Mines also reported that the estimated production of beehive coke in the United States for the week ended Aug. 19, 1944 showd an increase of 10,600 tons when compared with the output for the week ended Aug. 12, 1944; but was 30,700 tons less than for the corresponding period of 1943.

ESTIMATED UNITED STATES PRODUCTION OF COAL, IN NET TONS

	Week Ended			January 1 to Date		
Bituminous coal and lignite—	Aug. 19, 1944	*Aug. 12, 1944	Aug. 21, 1943	Aug. 19, 1944	Aug. 21, 1943	Aug. 21, 1937
Total incl. mine fuel	11,875,000	12,200,000	12,112,000	400,895,000	372,423,000	279,621,000
Daily average	1,979,000	2,033,000	2,019,000	2,035,000	1,881,000	1,424,000

*Revised.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE

(In Net Tons)

	Week Ended			Calendar Year to Date		
Penn. anthracite—	‡Aug. 19, 1944	§Aug. 12, 1944	Aug. 21, 1943	Aug. 19, 1944	Aug. 21, 1943	Aug. 21, 1937
*Total incl. coll. fuel	1,169,000	1,239,000	1,259,000	41,533,000	38,924,000	32,927,000
†Commercial produc.	1,122,000	1,189,000	1,209,000	39,873,000	37,367,000	31,281,000
Beehive coke—						
United States total	135,400	124,800	166,100	4,886,600	4,934,800	2,297,300

*Includes washery and dredge coal and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Subject to revision. §Revised.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES

(In Net Tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	Week Ended			
State—	Aug. 12, 1944	Aug. 5, 1944	Aug. 14, 1943	Aug. 14, 1937
Alabama	388,000	373,000	411,000	257,000
Alaska	5,000	5,000	5,000	3,000
Arkansas and Oklahoma	87,000	87,000	89,000	58,000
Colorado	140,000	130,000	152,000	82,000
Georgia and North Carolina	1,000	1,000	*	*
Illinois	1,408,000	1,462,000	1,457,000	700,000
Indiana	549,000	530,000	516,000	261,000
Iowa	36,000	35,000	42,000	44,000
Kansas and Missouri	170,000	168,000	142,000	100,000
Kentucky—Eastern	1,003,000	970,000	967,000	694,000
Kentucky—Western	348,000	352,000	319,000	126,000
Maryland	36,000	40,000	37,000	27,000
Michigan	2,000	2,000	4,000	6,000
Montana (bitum. & lignite)	83,000	79,000	88,000	44,000
New Mexico	31,000	30,000	36,000	29,000
North & South Dakota (lignite)	36,000	42,000	34,000	19,000
Ohio	683,000	670,000	629,000	416,000
Pennsylvania (bituminous)	2,970,000	2,920,000	3,002,000	2,077,000
Tennessee	140,000	124,000	136,000	87,000
Texas (bituminous & lignite)	3,000	3,000	2,000	21,000
Utah	128,000	130,000	112,000	52,000
Virginia	385,000	370,000	415,000	269,000
Washington	33,000	30,000	33,000	30,000
†West Virginia—Southern	2,216,000	2,151,000	2,378,000	1,729,000
‡West Virginia—Northern	1,162,000	1,142,000	982,000	523,000
Wyoming	156,000	154,000	161,000	83,000
§Other Western States	1,000	*	1,000	1,000
Total bituminous & lignite	12,200,000	12,000,000	12,150,000	7,738,000
Pennsylvania anthracite	1,239,000	1,221,000	1,334,000	634,000
Total, all coal	13,439,000	13,221,000	13,484,000	8,372,000

†Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason and Clay counties. ‡Rest of State, including the Panhandle District and Grant, Mineral and Tucker counties. §Includes Arizona and Oregon. *Less than 1,000 tons.

Wholesale Prices Down 0.4% For Week Ended Aug. 19, Labor Dept. Reports

Led by a sharp reaction in agricultural commodity markets, particularly for fresh fruits, vegetables, and livestock, the Bureau of Labor Statistics' index of commodity prices in primary markets dropped 0.4% in the week ended August 19, said the U. S. Labor Department in its August 24 report, which went on to say:

"The decline offset the gain of the preceding week, caused by higher quotations for these same commodities, and brought the all-commodity index to 103.6% of the 1926 average. The level of prices for commodities in primary markets has declined 0.3% in the past four weeks and is about 1% higher than at this time last year," said the Department's announcement, which continued:

"Farm Products and Foods. Marked declines in markets for wheat, cattle, sheep, poultry, citrus fruits, onions, and potatoes brought average prices for farm products down 2% during the week. Light receipts held prices for hogs at ceiling levels. Cotton advanced 1.2% and oats were up over 5%. Apples were substantially higher in most markets except Portland (Oreg.). Average prices for farm products have dropped 1.5% since mid-July and are 1.2% lower than for the corresponding week of last year.

"A decline of 7.4% for fruits and vegetables in primary markets, partly seasonal in character, was largely responsible for a decrease of 1.5% in average prices for foods. In addition, eggs dropped 4.6% and flour was lower in most markets. Higher prices were reported for the new pack of certain canned vegetables and for cured pork. In the past four weeks average prices of foods at the primary market level have dropped 1.4%, to a point 1.2% lower than this time last year.

and flour was lower in most markets. Higher prices for the new pack of certain canned vexetables and for cured pork. In the past four weeks average prices of foods at the primary market level have dropped 1.4%, to a point 1.2% lower than this time last year.

"Industrial Commodities. Industrial commodity markets continued relatively steady during the week. A further reduction was reported in prices for shearlings with the result that the index for the hides and leather products group dropped 0.3%. The mercury market became firmer under reports of heavy government purchases and a tight supply situation. In the building materials group minor increases in prices for common building brick in certain areas and for turpentine were offset by lower prices for rosin and the group index remained unchanged at 116.0% of the 1926 average. A further increase occurred in prices for various types of potash as a result of the lowering of the usual seasonal discounts."

Included in the report of the Labor Department was the following notation.

During the period of rapid changes caused by price controls, materials allocation, and rationing, the Bureau of Labor Statistics will attempt promptly to report changing prices. Indexes marked (*), however, must be considered as preliminary and subject to such adjustment and revision as required by later and more complete reports.

The following tables show (1) index numbers for the principal groups of commodities for the past three weeks, for July 22, 1944 and August 21, 1943, and the percentage changes for a week ago, a month ago, and a year ago, and (2) percentage changes in subgroup indexes from August 12, 1944 to August 19, 1944.

WHOLESALE PRICES FOR WEEK ENDED AUG. 19, 1944
(1926=100)

						Percentage change to Aug. 19, 1944 from—		
Commodity Groups—	8-19 1944	8-12 1944	8-5 1944	7-22 1944	8-21 1943	8-12 1944	7-22 1944	8-21 1943
All commodities	*103.6	*104.0	*103.6	*103.9	102.8	—0.4	—0.3	+ 0.8
Farm products	122.3	124.8	122.5	124.1	123.8	—2.0	—1.5	— 1.2
Foods	104.5	106.1	104.6	106.0	105.8	—1.5	—1.4	— 1.2
Hides and leather products	116.4	116.8	116.8	116.8	118.4	—0.3	—0.3	— 1.7
Textile products	97.5	97.5	97.5	97.4	96.9	0	+0.1	+ 0.6
Fuel and lighting materials	83.8	83.8	83.8	83.9	81.7	0	—0.1	+ 2.6
Metals and metal products	*103.8	*103.8	*103.8	*103.8	103.8	0	0	0
Building materials	116.0	116.0	116.0	115.9	112.1	0	+0.1	+ 3.5
Chemicals and allied products	105.3	105.2	105.2	105.2	100.2	+0.1	+0.1	+ 5.1
Housefurnishing goods	106.0	106.0	106.0	106.0	104.2	0	0	+ 1.7
Miscellaneous commodities	93.3	93.3	93.3	93.3	92.4	0	0	+ 1.0
Raw materials	112.8	114.3	112.9	113.8	112.7	—1.3	—0.9	+ 0.1
Semimanufactured articles	93.8	93.8	93.8	93.8	92.8	0	0	+ 1.1
Manufactured products	*101.1	*101.1	*101.1	*101.1	100.0	0	0	+ 1.1
All commodities other than farm products	*99.5	*99.5	*99.5	*99.5	98.4	0	0	+ 1.1
All commodities other than farm products and foods	*98.7	*98.7	*98.7	*98.7	97.3	0	0	+ 1.4

*Preliminary.

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM AUG. 12, 1944 TO AUG. 19, 1944

Increases			
Brick and tile	0.1	Grains	0.1
Fertilizer materials	0.9	Other building materials	0.1

Decreases			
Fruits and vegetables	7.4	Livestock and poultry	1.4
Other farm products	2.8	Other foods	1.1
Hides and skins	1.6	Cereal products	0.2
Paint and paint materials	0.1		

Non-Ferrous Metals—Large Tonnage Of Foreign Lead Again Sought—Copper Buying Orderly

"E. & M. J. Metal and Mineral Markets," in its issue of Aug. 24 stated: "Lead was relatively more active during the last week than the other major non-ferrous metals. With domestic production of refined lead for delivery next month virtually disposed of, consumers turned to WPB for foreign metal with which to cover their total September requirements. Again the Government released more than 30,000 tons of imported lead.

Though consumption of copper and zinc remains at an inflated war level, buying interest in both metals has moderated. Quicksilver on spot was in firm hands, but unchanged at $105 per flask so far as round lots were concerned. Fluorspar restriction was removed by WPB. Beginning Sept. 1, uranium will come under allocation control." The publication further goes on to say in part:

Copper

Fabricators have ceased rushing into the market for copper, which indicates that they do not view the general supply situation as being anything to get excited about. Consumption of copper during September, from present appearances, will show no great variation from the level attained in August. About 10,000 tons of Canadian copper will be available monthly over the remainder of the year, and this is expected to move into the market stream before importations from Latin-America. The latter will be stockpiled, if necessary. The industry believes that the Government's stockpile has increased to around 290,000 tons.

The fabricator's statistics for July revealed that consumption of refined copper amounted to 118,632 tons, which compares with 149,718 tons in June and 132,309 tons in July last year.

Lead

With metal available from current domestic production in smaller supply, owing chiefly to the labor situation, consumers continue to ask for substantial tonnages of foreign lead to round out their requirements. WPB last week allotted some 32,000 tons of foreign lead for September delivery, or more than at this time in the preceding month. The Government's stockpile of lead has been shrinking in recent months and stands at between 155,000 and 160,000 tons.

Domestic sales for the last week amounted to 2,075 tons.

Shipments of refined lead produced at domestic refineries totaled 42,966 tons during July, against 43,485 tons in June, and 42,007 tons in July last year, according to the American Bureau of Metal Statistics. Production during July was 5,025 tons less than in the same month last year.

Domestic refined lead statistics for June and July, in tons, follow:

	June	July
Stock at beginning	37,586	33,847
Production:		
Domestic	34,413	33,434
Secondary and foreign	5,342	7,037
	39,755	40,471
Domestic shipments	43,485	42,966
Stock at end	33,847	31,344

Zinc

Zinc sales increased last week, but the buying against September requirements was nothing to get excited about and producers believe this means that consumption, particularly of High Grade, will show little improvement over August. The industry is prepared for another increase in stocks.

Canada produced 19,879 tons of zinc during June, against 22,823 tons in May and 26,633 tons in June last year, according to the Dominion Bureau of Statistics.

Fluorspar

Unrestricted purchase and sale of metallurgical fluorspar was announced by WPB. This latest action, effective Aug. 12, frees fluorspar for all purposes.

Approximately 400,000 tons of the mineral are being produced annually. The demand-supply relationship is described by WPB as "reasonably satisfactory."

Tin

Some 750,000 tons of tin mill products are scheduled for production in the last quarter of 1944, against 875,000 tons in the third quarter. The reduction in output reflects the usual drop in consumption after peak canning operations.

The tin market was unchanged. Straits quality tin for shipment, in cents per pound, was nominally as follows:

	Aug.	Sept.	Oct.
August 17	52.000	52.000	52.000
August 18	52.000	52.000	52.000
August 19	52.000	52.000	52.000
August 21	52.000	52.000	52.000
August 22	52.000	52.000	52.000
August 23	52.000	52.000	52.000

Chinese, or 99% tin, continued at 51.125c. per pound.

Quicksilver

Prices are steady on spot and nearby quicksilver quotations ranging from $105 to $108 per flask. There was little or no interest in last-quarter metal.

In a report on quicksiver by the Tariff Commission, the authors state that the extent to which operation of the mines should continue after the war seems to depend on the extent to which operation is essential for national security.

Silver

Mexico's Finance Secretary Suarez has proposed a silver stabilization conference among producers and consumers in the United States, Mexico, and other interested nations. One objective of the meeting, if held, would be to ease the restrictions on the sale of silver by the United States under the Silver Purchase Act.

The London market for silver was unchanged at 23½d. The New York Official continued at 44¾c. for foreign metal and 70⅝c. for domestic metal.

Canada's Nickel Production

During June, Canada produced 20,373,599 pounds of nickel, against 24,023,396 pounds in May, according to preliminary figures by the Dominion Bureau of Statistics. Production of nickel during the first half of 1944 was estimated at 138,773,912 pounds, against 150,442,741 pounds in the January-June period of 1943.

Increase Participation In Fifth War Loan

A 6.6% step-up in their Fifth War Loan participation was reported by the savings, building and loan associations in Illinois and Wisconsin in the week ended Aug. 12, comparing their part in the just completed drive with the previous one. A. R. Gardner, President of the Federal Home Loan Bank of Chicago, to which 350 associations have to date reported both their bond sales to the public and their purchases of Government bonds for their own account, said that they helped the Fifth War Loan go over the top by a total of $42,347,305 of bonds. Representing a new high for any of the drives, the associations' purchase of bonds for their own portfolios totaled $27,414,408 and amounted to 6% of their total assets, Mr. Gardner pointed out. The $14,932,893 of bonds which the associations sold to the public was principally in the Series E bonds of small denominations, so that the increase of 5.3% in the amount sold during this drive as compared with the Fourth War Loan, meant an even wider distribution of the bonds among the rank and file of the population, according to Mr. Gardner, who pointed out that the associations specialize in these sales because of their peacetime business being so closely connected with small savers.

Revenue Freight Car Loadings During Week Ended Aug. 19, 1944 Decreased 8,726 Cars

Loading of revenue freight for the week ended Aug. 19, 1944 totaled 887,446 cars, the Association of American Railroads announced on Aug. 24. This was a decrease below the corresponding week of 1943 of 3,894 cars, or 0.4%, but an increase above the same week in 1942 of 18,012 cars or 2.1%.

Loading of revenue freight for the week of Aug. 19, decreased 8,726 cars, or 1% below the preceding week.

Miscellaneous freight loading totaled 396,577 cars, a decrease of 1,013 cars below the preceding week, but an increase of 6,750 cars above the corresponding week in 1943.

Loading of merchandise less than carload lot freight totaled 106,378 cars, a decrease of 62 cars below the preceding week, but an increase of 5,264 cars above the corresponding week in 1943.

Coal loading amounted to 174,025 cars, a decrease of 6,249 cars below the preceding week, and a decrease of 2,465 cars below the corresponding week in 1943.

Grain and grain products loading totaled 49,913 cars, a decrease of 1,271 cars below the preceding week and a decrease of 6,203 cars below the corresponding week in 1943. In the Western Districts alone, grain and grain products loading for the week of Aug. 19, totaled 35,159 cars, a decrease of 760 cars below the preceding week and a decrease of 5,211 cars below the corresponding week in 1943.

Livestock loading amounted to 16,436 cars, an increase of 470 cars above the preceding week, and an increase of 122 cars above the corresponding week in 1943. In the Western Districts alone loading of live stock for the week of Aug. 19 totaled 12,261 cars an increase of 622 cars above the preceding week, but a decrease of 210 cars below the corresponding week in 1943.

Forest products loading totaled 50,208 cars, an increase of 111 cars above the preceding week and an increase of 2,034 cars above the corresponding week in 1943.

Ore loading amounted to 79,695 cars, a decrease of 742 cars below the preceding week and a decrease of 9,089 cars below the corresponding week in 1943.

Coke loading amounted to 14,214 cars, an increase of 30 cars above the preceding week, but a decrease of 307 cars below the corresponding week in 1943.

All districts reported increases compared with the cocrresponding week in 1943, except the Eastern, Allegheny, and Northwestern and all districts reported increases compared with 1942 except the Eastern and Northwestern.

	1944	1943	1942
5 Weeks of January	3,796,477	3,531,811	3,858,479
4 weeks of February	3,159,492	3,055,725	3,122,942
4 weeks of March	3,135,155	3,073,445	3,174,781
5 weeks of April	4,068,625	3,924,981	4,209,907
4 weeks of May	3,446,252	3,363,195	3,311,637
5 weeks of June	4,343,193	4,003,393	4,139,395
4 weeks of July	3,463,512	3,455,328	3,431,395
Week of August 5	890,458	872,133	850,221
Week of August 12	896,172	887,164	868,845
Week of August 19	887,446	891,340	869,434
Total	28,086,782	27,058,515	27,837,036

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Aug. 19, 1944. During the period 56 roads showed increases when compared with the corresponding week a year ago.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS
(NUMBER OF CARS) WEEK ENDED AUG. 19

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1944	1943	1942	1944	1943
Eastern District—					
Ann Arbor	245	237	321	1,430	1,512
Bangor & Aroostook	1,145	901	916	529	246
Boston & Maine	6,302	6,637	5,953	13,450	14,630
Chicago, Indianapolis & Louisville	1,384	1,337	1,533	2,146	2,078
Central Indiana	24	35	24	48	47
Central Vermont	1,085	996	972	2,235	2,250
Delaware & Hudson	5,646	6,602	6,238	12,242	11,676
Delaware, Lackawanna & Western	7,584	7,693	7,501	9,787	12,864
Detroit & Mackinac	244	189	411	164	107
Detroit, Toledo & Ironton	1,904	1,927	1,442	1,146	1,301
Detroit & Toledo Shore Line	349	343	312	2,471	2,443
Erie	13,046	13,728	11,919	17,167	18,426
Grand Trunk Western	3,598	3,692	4,675	7,782	8,364
Lehigh & Hudson River	144	167	191	2,530	2,572
Lehigh & New England	1,934	2,188	2,168	1,610	1,824
Lehigh Valley	8,211	8,624	9,020	15,023	13,810
Maine Central	2,317	2,528	2,276	2,700	2,292
Monongahela	5,884	5,949	6,176	360	461
Montour	2,563	2,359	2,227	36	219
New York Central Lines	50,837	56,903	49,210	54,675	58,388
N. Y., N. H. & Hartford	8,898	10,124	9,337	17,111	18,401
New York, Ontario & Western	1,256	1,345	936	3,167	2,502
New York, Chicago & St. Louis	6,561	7,543	8,046	15,730	15,488
N. Y., Susquehanna & Western	388	590	377	2,470	2,273
Pittsburgh & Lake Erie	7,425	7,737	7,905	8,894	8,113
Pere Marquette	5,237	5,056	5,695	7,745	8,178
Pittsburg & Shawmut	1,015	950	715	60	36
Pittsburg, Shawmut & North	302	402	357	233	321
Pittsburgh & West Virginia	1,218	1,118	1,075	2,670	2,517
Rutland	363	330	379	1,151	1,112
Wabash	5,768	5,729	6,161	12,175	12,549
Wheeling & Lake Erie	5,812	5,273	5,719	4,408	5,627
Total	158,689	169,232	160,187	223,345	232,627
Allegheny District—					
Akron, Canton & Youngstown	738	780	688	1,398	1,263
Baltimore & Ohio	47,547	45,249	41,755	28,411	28,426
Bessemer & Lake Erie	6,045	6,105	6,559	1,781	2,161
Buffalo Creek & Gauley	340	268	273	5	3
Cambria & Indiana	1,351	1,827	1,952	26	3
Central R. R. of New Jersey	6,749	7,149	7,438	19,963	21,430
Cornwall	511	628	608	59	60
Cumberland & Pennsylvania	208	269	252	14	38
Ligonier Valley	153	134	133	43	37
Long Island	1,418	1,888	1,128	3,555	4,228
Penn-Reading Seashore Lines	1,878	2,174	1,884	2,592	2,955
Pennsylvania System	88,882	88,743	83,484	63,620	68,762
Reading Co.	14,085	15,576	14,175	28,768	28,477
Union (Pittsburgh)	18,809	20,794	21,063	6,989	7,048
Western Maryland	4,173	4,174	4,033	12,299	12,674
Total	192,887	195,758	185,425	169,523	177,565
Pocahontas District—					
Chesapeake & Ohio	30,192	28,581	28,170	14,018	13,280
Norfolk & Western	21,158	22,126	21,377	8,750	6,798
Virginian	4,365	4,562	4,305	2,229	2,382
Total	55,715	55,269	53,852	24,997	22,460
Southern District—					
Alabama, Tennessee & Northern	415	278	315	337	311
Atl. & W. P.—W. R. R. of Ala	766	600	650	2,920	3,073
Atlanta, Birmingham & Coast	980	774	746	1,152	1,129
Atlantic Coast Line	10,678	11,227	11,485	9,532	10,581
Central of Georgia	3,683	3,710	3,532	5,051	4,845
Charleston & Western Carolina	473	378	392	1,625	1,529
Clinchfield	1,784	1,738	1,712	3,079	2,690
Columbus & Greenville	187	335	468	280	203
Durham & Southern	110	102	85	808	823
Florida East Coast	895	1,283	870	1,349	1,475
Gainesville Midland	57	53	32	134	86
Georgia	1,264	1,116	1,252	2,501	2,910
Georgia & Florida	680	475	500	714	499
Gulf, Mobile & Ohio	4,643	4,210	4,389	4,228	4,401
Illinois Central System	29,397	28,503	26,680	17,172	18,810
Louisville & Nashville	25,641	25,181	25,507	11,793	12,530
Macon, Dublin & Savannah	178	186	170	686	617
Mississippi Central	368	250	197	517	553
Nashville, Chattanooga & St. L.	3,007	3,112	3,295	4,336	4,531
Norfolk Southern	926	919	959	2,162	1,341
Piedmont Northern	359	367	257	1,207	1,142
Richmond, Fred. & Potomac	420	435	429	8,885	9,444
Seaboard Air Line	9,366	9,565	9,952	8,603	8,123
Southern System	24,349	22,369	22,450	24,964	22,912
Tennessee Central	722	533	532	710	977
Winston-Salem Southbound	137	120	165	1,136	1,146
Total	121,485	117,829	117,031	115,881	116,731
Northwestern District—					
Chicago & North Western	20,738	21,537	22,588	14,278	14,422
Chicago Great Western	2,683	3,046	2,491	3,382	3,160
Chicago, Milw., St. P. & Pac.	22,669	22,026	21,649	11,228	10,966
Chicago, St. Paul, Minn. & Omaha	3,526	4,292	4,037	4,320	4,107
Duluth, Missabe & Iron Range	27,440	30,427	31,213	415	321
Duluth, South Shore & Atlantic	1,051	1,056	1,182	613	639
Elgin, Joliet & Eastern	9,070	8,715	10,871	10,247	10,925
Ft. Dodge, Des Moines & South	392	480	566	89	78
Great Northern	25,781	26,581	29,633	6,405	5,978
Green Bay & Western	464	399	452	1,004	1,092
Lake Superior & Ishpeming	2,902	2,964	1,779	44	34
Minneapolis & St. Louis	2,230	2,312	2,633	2,343	2,237
Minn., St. Paul & S. S. M.	7,369	8,901	7,804	3,570	2,938
Northern Pacific	12,190	11,726	11,826	6,117	5,611
Spokane International	142	220	262	563	510
Spokane, Portland & Seattle	2,904	2,749	2,717	3,677	3,540
Total	141,551	147,431	151,703	68,295	66,608
Central Western District—					
Atch., Top. & Santa Fe System	27,643	21,483	23,087	14,070	12,209
Alton	3,520	3,862	3,522	4,253	4,354
Bingham & Garfield	206	393	629	125	84
Chicago, Burlington & Quincy	19,884	20,667	20,294	12,971	12,138
Chicago & Illinois Midland	2,766	3,099	2,379	841	957
Chicago, Rock Island & Pacific	13,517	12,470	12,814	12,637	12,502
Chicago & Eastern Illinois	2,829	2,845	2,469	5,766	6,502
Colorado & Southern	812	958	913	2,407	2,265
Denver & Rio Grande Western	4,437	5,178	4,077	6,314	6,242
Denver & Salt Lake	835	720	688	32	12
Fort Worth & Denver City	1,086	1,266	1,225	2,006	1,962
Illinois Terminal	2,308	1,908	2,006	2,070	1,917
Missouri-Illinois	1,343	1,156	1,390	762	550
Nevada Northern	1,687	1,903	2,015	119	150
North Western Pacific	1,239	1,305	1,228	889	859
Peoria & Pekin Union	3	24	13	0	0
Southern Pacific (Pacific)	34,184	33,790	32,598	14,795	14,897
Toledo, Peoria & Western	279	334	340	2,032	1,950
Union Pacific System	18,961	16,103	16,423	17,549	17,563
Utah	483	573	656	6	4
Western Pacific	2,191	2,307	2,235	4,472	4,420
Total	140,213	132,347	131,001	104,116	101,543
Southwestern District—					
Burlington-Rock Island	726	425	733	405	246
Gulf Coast Lines	5,534	5,837	4,415	2,578	3,229
International-Great Northern	2,487	2,649	2,894	3,796	3,160
Kansas, Oklahoma & Gulf	343	345	312	928	1,135
Kansas City Southern	5,246	5,582	4,912	2,995	2,686
Louisiana & Arkansas	4,044	3,382	3,727	2,981	2,672
Litchfield & Madison	289	380	287	1,566	1,692
Midland Valley	803	829	697	522	416
Missouri & Arkansas	191	157	205	400	358
Missouri-Kansas-Texas Lines	6,223	5,734	5,896	5,327	5,307
Missouri Pacific	19,231	17,931	17,388	19,402	19,455
Quanah Acme & Pacific	82	86	61	315	297
St. Louis-San Francisco	10,020	8,909	9,580	8,569	9,924
St. Louis Southwestern	3,413	2,824	2,726	6,576	7,183
Texas & New Orleans	12,504	13,330	11,527	5,338	5,872
Texas & Pacific	5,650	4,968	4,689	6,993	5,914
Weatherford M. W. & N. W.	75	97	134	94	41
Wichita Falls & Southern	45	9	52	36	25
Total	76,906	73,474	70,235	68,821	69,618

Note—Previous year's figures revised.

Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period 1944—Week Ended	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity Current	Cumulative
May 6	186,666	158,534	628,495	98	95
May 13	144,921	150,435	620,728	95	95
May 20	140,287	157,370	602,062	97	95
May 27	138,501	155,105	582,090	96	95
June 3	170,421	152,461	599,322	93	95
June 10	144,384	157,794	584,083	96	95
June 17	147,689	154,137	577,721	95	95
June 24	130,510	156,338	549,830	96	95
July 1	152,954	155,170	544,454	95	95
July 8	145,317	98,235	586,379	60	94
July 15	145,775	147,478	586,103	91	94
July 22	157,041	152,402	590,263	94	94
July 29	139,743	157,720	570,626	96	94
August 5	195,161	160,568	604,299	96	94
August 12	140,338	158,849	585,316	96	94
August 19	136,936	155,516	562,744	95	94

Notes—Unfilled orders of the prior week, plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

Inst. Of Life Insurance Expands Research And Statistical Activities

Expansion of the research and statistical activities of the Institute of Life Insurance has been effected with the reorganization of the Institute Library under the direction of qualified research librarians and the establishment of a research section of the statistical department of the Institute, it was announced on Aug. 25 by Holgar J. Johnson, President of the Institute.

Miss Elizabeth Ferguson has been appointed librarian, with Miss Caroline D'Apice as assistant librarian. Miss Virginia Thompson has joined the statistical department to develop the new statistical research work.

The reorganized library facilities of the Institute have been widely expanded. The purpose is not only to serve the Institute but the public in general and writers in particular. The plan is not primarily to add to the list of books owned so much as to make it the center of information for the business and the public. It will not duplicate or overlap the collections of other libraries or reference units, but will concentrate on careful indexing of all material to make it readily available. It will thus be a fact-file on life insurance.

Miss Thompson will undertake to expand the statistical research, both for Institute use and for the use of writers and others seeking source material on insurance.

Actuaries Meeting Off

Cancellation of the annual meeting of the Actuarial Society of America scheduled for Oct. 26 and 27 in New York City has been announced.

The decision to cancel this meeting was made by the Council of the Society in compliancce with request of the Office of Defense Transportation that all meetings scheduled to be held during the remaining months of 1944 which are not definitely and urgently war-connected be cancelled in view of the transportation requirements of military and essential war-connected traffic. The possibility of holding the meeting on some restricted basis was considered, but it was decided that any such meetings would be unsatisfactory.

The Society ordinarily holds spring and fall meetings each year. Last year the spring meeting was cancelled but the fall meeting held. Some months ago it was contemplated that this same arrangement would be repeated in 1944 and the 1944 spring meeting was accordingly cancelled. The decision just announced means that there will be no Society meeting in 1944.

Lumber Movement—Week Ended Aug. 19, 1944

According to the National Lumber Manufacturers Association, lumber shipments of 503 mills reporting to the National Lumber Trade Barometer were 9.7% below production for the week ended Aug. 19, 1944. In the same week new orders of these mills were 0.6% above production. Unfilled order files of the reporting mills amounted to 106.6% of stocks. For reporting softwood mills, unfilled orders are equivalent to 38 days' production at the current rate, and gross stocks are equivalent to 34 days' production.

For the year to date, shipments of reporting identical mills exceeded production by 4.2%; orders by 6.5%.

Compared to the average corresponding week of 1935-39, production of reporting mills was 18.5% greater; shipments were 16.9% greater, and orders were 26.1% greater.

Items About Banks, Trust Companies

The Brooklyn Savings Bank announced on Aug. 28 the election of Sedgwick Snedeker of the law firm of Snedeker & Snedeker as a trustee of that bank.

The Federal Reserve Bank of New York announced on Aug. 26 that the Madrid Bank, Madrid, N. Y., has been admitted as a member of the Federal Reserve System.

In June this bank had total assets of $600,000.

Stockholders of the Lincoln-Alliance Bank & Trust Co. of Rochester, N. Y., will receive rights worth between $1.50 and $2 a share under a plan proposed by the bank to sell 31,333 shares of common stock to add to its capitalization, according to the Rochester "Times Union" of Aug. 21, from which we also quote:

"The stock, which will be offered on the basis of one new share for every five held, is expected to be priced between $40 and $42 a share, although nothing definite can be determined now because of fluctuating market values. Current bid price for the stock in the local market advanced $1 to $50 on news of the proposed issue.

"Stockholders will be asked to approve the new issue at a meeting Aug. 31, and warrants are expected to be issued shortly after Labor Day. Valid date is expected to be about 14 days. Chief underwriter of the stock will be First Boston Corp. Three local firms also will figure in the deal: Little & Hopkins, Inc., George D. B. Bonbright & Co., and Meyer and Ewell, Inc.

The Boston "Herald" on Aug. 25 announced that Henry H. Pierce, President of the Merchants Cooperative Bank, Boston, Mass., had reported the election of Gardner T. Bolster and Parker Webb as directors. These promotions were needed to fill the vacancies made by the retirement of Charles W. Sherman, Director and Vice-President, who has been with the bank for the past 30 years, and J. Arthur Sparrow, Director and Chairman of the Security Committee, who has been with the bank for the past 35 years.

On Aug. 27 the Federal Reserve Bank of Philadelphia announced that the Farmers Trust Co. of Lebanon, Pa., had been admitted as a member of the Federal Reserve System.

The Philadelphia "Inquirer," from which this information is learned, goes on to say:

"Officers of bank are: Simon K. Behm, President; John F. Brubaker, Vice-President; R. B. Carmany, Executive Vice-President, and A. R. Culp, Secretary and Treasurer.

"Bank has total resources of $4,130,900, and capital accounts as follows: Capital, $250,000; surplus, undivided profits and reserves, $197,200."

Robert E. Towey, previously trust officer of the Old National Bank of Evansville, Ind., has been elected to a similar office by the Tradesmens National Bank & Trust Co. of Philadelphia, Pa., the Philadelphia "Inquirer" reported on Aug. 28. The "Inquirer" further states:

"Mr. Towey was trust officer of First National Bank of Rochester, and upon merger of that bank with Lincoln Alliance Bank of Rochester, remained with merged bank until January, 1941, when he became trust officer of Old National Bank of Evansville."

The Tradesmens Bank also announced the appointment of A. G. B. Steel, who has been in charge of the trust department, to become Chairman of the Trust Committee.

Both men will assume their new positions on Sept. 1.

It was announced by Mr. C. H. Speck, President of the new State Bank of Toledo, in Toledo, Ohio, that will open Sept. 1, and take over the business of the Financial Securities Corp., that previously occupied the site of the new bank at 331 Erie St. Mr. W. L. Alexander, Jr., is Vice-President and Treasurer, and George D. Lehmann, President of the Welles-Bowen Co., Toledo realtors, is Secretary. The three officers and Kenton D. Keilholtz, President, E. L. Southworth and Co.; Ray Peirce, Peirce Construction Co., and John G. Lownsbury, of Lownsbury Motor Sales Co., comprise the board of directors.

This is learned from the Louisville "Courier Journal," in an account by Donald McWain, its financial editor:

Consolidation of the Citizens Union National Bank and the Fidelity & Columbia Trust Company into one institution to be known as Citizens Fidelity Bank & Trust Company awaits only formal ratification of stockholders following approval on Aug. 21 by the boards of directors of both corporations. Menefee Wirgman, President of both banks, stated that the meeting will be held on Sept. 23; from the account we also quote:

"Total resources of the consolidated bank will be in excess of $190,000,000, based on the latest published statements of two institutions.

"The capital funds account will total $9,250,000, consisting of capital stock, $3,250,000; surplus, $5,000,000, and undivided profits, $1,000,000.

"Citizens Fidelity will be a member of the Federal Reserve System and of the Federal Deposit Insurance Corporation, thus 'subjecting both its banking and trust departments to the rigid Federal examinations, as well as to the State examinations,' certificate holders were told. Citizens Fidelity will be a Kentucky corporation instead of a national bank.

"The trustees and directors in the message to certificate holders said: 'Citizens Fidelity Bank & Trust Company will be a Kentucky corporation instead of a National bank. This is because the State laws afford better facilities for handling trust business, and yet are not detrimental to banking operations. For example, the great majority of the larger New York combined banks and trust companies are similarly New York State corporations.'

"Mr. Wirgman said the name of Citizens Fidelity has been chosen to retain in part the previous corporate titles of the separate institutions which for generations have provided Louisville and vicinity with financial facilities.

"The Citizens Bank was organized in 1863. The Union National Bank was founded in 1889. These two banks were consolidated in 1919.

"The Fidelity Trust Company obtained its charter in 1882. The Columbia Trust Company began business in 1890. These two trust companies were merged in 1912."

On Aug. 22 shareholders of the First National Bank of Memphis, Tenn., approved unanimously the proposal to increase its capital stock from $1,500,000 to $1,800,000 and changing par value from $100 as at present to $20. Only definite approval of the Comptroller of the Treasury at Washington is needed, that official already having assented to such action by the bank's directors.

The St. Augustine National Bank of St. Augustine, Florida, celebrated its 25th anniversary on Aug. 15. When the bank first opened in 1919 its total resources were $208,306 with capital and surplus of $50,000 and $15,000, respectively. Now its resources total $6,419,082 with capital and surplus shown to be $200,000 and $127,781, respectively, the latter including undivided profits.

Stockholders of the Merchants National Bank of Mobile, Ala., have voted and approved the proposed increase in the capital from $1,000,000 to $1,250,000 and also an increase in the surplus from $1,500,000 to $2,000,000. The bank will sell 12,500 additional shares at $60 per share to raise the needed money for these increases.

The New York "Times" in advices from Mobile, Ala., on Aug. 22, said:

"Shareholders may subscribe to one new share for each four held on Aug. 21. Stock rights will expire on Sept. 15."

Lloyds Bank, Ltd., of London, England, showed in its statesment of condition as of June 30, 1944, total assets of £789,067,922. In the liabilities group, current deposits and other accounts were £740,381,273, this included provision for contingencies, endorsements, guarantees, and other obligations were £22,798,972, while authorized and subscribed capital were £74,000,000, and £73,302,076, respectively.

In the assets group cash in hand and in the Bank of England was £77,100,795, while Treasury deposit receipts were £227,500,000. Total investments stood at £214,235,417.

The Midland Bank, Ltd., of London, Eng., showed total liabilities as of June 30, 1944, to be £930,874,818 against £800,232,447 a year ago. Capital paid up amounted to £15,158,621, unchanged from a year ago. The Reserve Fund totaled £13,410,609 compared with £12,910,609 on June 30, 1943. Current deposits and other accounts were £890,236,185 while last year they were £757,051,027.

Total assets of the bank were £930,874,818 with total investments being £232,993,073 as compared with £229,401,386 a year ago. Total bills discounted and coin bank notes and balances with Bank of England were £49,914,803 and £92,774,388, respectively, against £52,233,957 and £84,816,484, respectively, for June, 1943.

McNutt, Nelson Issue Statement On Civilian Reconversion

Paul V. McNutt, Chairman of the War Manpower Commission, and Donald M. Nelson, Chairman, War Production Board, on Aug. 15 issued the following joint statement:

"In order that there may be a clear understanding of the position of the WPB and the WMC with respect to reconversion to civilian production, we make the following statement:

"We are agreed:

"1. That war production has the first claim on the nation's manpower and that there must be no diversion of manpower needed for war production and essential civilian production to less essential civilian production;

"2. That there should be the maximum resumption of civilian production consistent with war production needs;

"3. That, therefore, wherever labor and materials are available which are not needed in, or cannot be made available for, war production they should be employed in civilian production;

"4. That planning for reconversion of the soundest and most thorough character should go forward with the utmost diligence and intelligence so that, as employment in war production ends, jobs in civilian production can be readily found;

"5. That there is and must be, at all levels, the closest cooperation between the representatives of the WPB and the WMC to accomplish these common objectives."

Year's Training Of Youth By Government Suggested By President Roosevelt

President Roosevelt's proposal on Aug. 18 for nation-wide study of one year's Government training of youths, prompted discussion by House members as to just what might be involved in the President's objectives. There was a general feeling in the House, said Associated Press accounts from Washington on Aug. 19, that the President had in mind, when he outlined his views at his news conference on Aug. 18, a renewal in some form of the Civilian Conservation Corps, which Congress has liquidated. From these press accounts we quote:

The President told reporters he did not have compulsory military training in mind since the 1,000,000 to 1,250,000 youths who might be available for such training would be given a combination of military and civilian training. He wished, he said, that the people would study the question because of the tremendous amount of surplus military housing that will exist after the war.

These facilities, the President said, could be used to take care of sick and wounded veterans, to provide vocational training, and to provide training of other types, including military.

"It sounds like universal military training to me," commented Representative Harness, Republican, Indiana, a member of the House Military Committee.

Chairman Woodrum, Democrat, Virginia, of the special House committee on postwar military planning said he did not think "there is any need of a CCC."

Chaiman May, Democrat, Kentucky, of the House Military Committee declined to comment but is known to favor compulsory peacetime military training of one year for the nation's youths.

"I was afraid the President would get a social angle into it," commented Representative Wadsworth, Republican, New York, author of pending compulsory military training legislation. "I think the training should be solely military, always remembering that in modern military training there is much of educational value, but the objective should be military."

In suggesting public study of a one-year Government training program for youths in the post-war period, not necessarily military, the President proposed that the plan be considered for youths, roughly speaking, between 17 and 22 years old, and that it should be of a type to teach them discipline and how to live in harmony with other persons. Advices to this effect were contained in a Washington account, Aug. 18 to the New York "Times" by Charles Hurd from which the following is also taken:

"The President pointed out that the wartime development of service housing for possibly 5,000,000 persons had created the facilities for the training program.

"While Mr. Roosevelt discussed the plan in general terms and carefully skirted the more direct proposal that all youths be drafted to serve for one year in the armed forces, he indicated that the idea he has in mind is closer to that of the old Civilian Conservation Corps than to direct military service.

"His talk recalled to reporters that numerous youth-training proposals have recently been put forward, and that Secretary of War Stimson in a letter dated July 24 to Warren H. Atherton, National Commander of the American Legion, urged universal peacetime military training.

"Among the training proposals is one suggesting the drafting of youths as they reach the age of 18 to replace veterans of the war who otherwise might be held abroad indefinitely on policing duties; and another urges that youth in the future be required to give a year of service to the Government, but with the option of splitting up the year, possibly serving for three months in each of four consecutive years.

"Mr. Roosevelt told reporters that the country had a very real post-war problem in the question of what to do with the high quality housing, construction of which was necessary for the training of the armed forces. The housing, he added, is located not only in the United States but far afield. He emphasized that it is very good housing and characterized the disposal of it as an awful problem.

"There are, Mr. Roosevelt said, possibly three uses for the housing, which are:

"First, it could be used to care for a large number of veterans, the so-called walking cases in contradistinction to more helpless persons, because the housing is not fireproof.

"Second, some of the housing could be used for vocational training of veterans.

"Third, it could be used for training young men.

"Mr. Roosevelt emphasized that there was a great deal of talk about how good it had been for the average youth to get the training the armed services provide. The average person among us, he said, is not in good physical shape, and we could not get along or even keep clean if we had to live in a camp among many other persons. Americans generally are undisciplined, he added.

"On the other hand, the President said, the training does teach the youth how to be law-abiding and to live in an orderly manner. He recalled that the CCC improved many boys physically and taught them many things. Future training, he added, need not be completely military in character; it could be used to teach youths, for instance, to be good stenographers or craftsmen.

"The point of his thinking, Mr. Roosevelt reiterated, is that since facilities exist to give such training to the 1,000,000 or 1,250,000 youths reaching manhood each year, public opinion should be formed by the country itself as to the best thing to do about the question."

July Alloy Steel Output

Production of alloy steels during July totaled 854,321 tons, about 11% of total steel production during that month, according to the American Iron and Steel Institute. This compares with 865,967 tons of alloy steel produced in June this year and 1,066,053 tons in July, 1943.

Open hearth furnaces produced 572,324 tons of alloy steel in July, 1944. The remaining 281,997 tons of alloy steel production came chiefly from electric furnaces.

Display Of Military And Occupation Currency By Guaranty Trust Co.

Guaranty Trust Company of New York has assembled a framed exhibit of various types and denominations of military and occupational currency, which was placed on display on Aug. 24 in the lobby of the bank's main office, 140 Broadway. The exhibit comprises 32 different notes, including the special series of United States "yellow seal" notes and those used in the Territory of Hawaii, as well as Allied military lire and francs, British military currency and British military lire, Netherlands Indies guilders and Japanese invasion currency.